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D 8523A

GERMANY
The east is still on the breadline
Page 15

World News

EC monitors threaten to quit Croatia peace bid

European Community monitors trying to impose a ceasefire in Yugoslavia threatened to pull out if their safety could not be guaranteed.

The EC warning came as Yugoslav state president Stipe Mesic said he would seek "foreign intervention" unless the federal army withdrew to barracks in Croatia by today. Page 16; Belgrade 'printing money', Page 2

Soviet harvest

Poor Soviet harvests could cause malnutrition in the central *Asian republics and* leave less food available for famine-hit African countries, the UN food organisation said. It forecast harvests 20 per cent smaller than last year. East European news, Page 2

Philippines bases

Communist guerrillas in the Philippines declared a unilateral ceasefire to celebrate the Senate's expected rejection of a new treaty with the US on military bases.

Time to spare

"We get the occasional request from the Touche Ross accountants working for the provisional liquidator, but mostly we do nothing." Richard Donkin reports from Abu Dhabi on the mood at BCCI's headquarters. Page 6

UN backs Baltics

The UN Security Council unanimously recommended the admission of Estonia, Latvia and Lithuania. The General Assembly [illegible] expected to endorse [illegible] idea next week. Finns and Estonians in oil venture, Page 3

Political prisoners

The black South African homeland of Bophuthatswana announced the release of 19 political prisoners – among 143 jailed for their part in a 1988 coup attempt.

North Korean refusal

North Korean is refusing to allow international inspection of its nuclear plants, saying it still faces a threat from US nuclear weapons in South Korea.

Anti-Mafia protest

More than 10,000 Sicilians marched through Palermo protesting against the Mafia. The demonstration was sparked by the murder of a businessman who refused to pay bribes.

Highwaymen deported

Spain deported six Peruvians accused of robbing 182 tourists on the main Mediterranean coast road.

Jailed for EC fraud

Poul Sand, head of a Danish meat processing concern, was jailed for two years in Denmark for using false export subsidy claims to defraud the *EC of some DKr100m ($15m)* over five years.

Sharp shirts

A Detroit husband and wife were arrested as US officials seized about 40,000 counterfeit Polo-Ralph Lauren shirts worth over $2m. The Chinese-made fakes carried "Made in USA" labels.

Business Summary

World Bank to exclude Nomura from bond issues

NOMURA and Nikko, two leading Japanese securities houses, are to be excluded by the World Bank from participating in its bond issues after the scandals which have shaken the firms in Japan.

The move will exclude the firms from taking part in the World Bank's $1.5bn global bond offering expected later this month, one of the most prestigious assignments in the international capital markets. Page 17. Meanwhile, the Japanese Ministry of Finance blocked attempts to set up an *independent financial markets* watchdog on the lines of the US Securities and Exchange Commission. Page 16

TRADE: Martin Bangemann, European Community industry commissioner, attacked the protectionist lobby in the European motor industry and urged European carmakers to meet the Japanese challenge head-on. Page 16

GLAXO, UK maker of the world's most popular drug, reported a £101m ($171m) increase in pre-tax profits to £1.28bn for the year to June after strong market growth. The company predicted a new cycle of growth from new drugs. Page 17; Lex, Page 16

MAPLE LEAF FOODS, Toronto-based subsidiary of Britain's Hillsdown Holdings, is preparing for an acquisition spree in the US and Canada by raising C$223m ($196m) in new equity. Page 17

NORSK DATA, Norwegian mini-computer group, announced a sharp decline in performance in the first half of the year when pre-tax profit slid to NKr257m ($37m). The company signalled indicated a radical overhaul. Page 17

SWITZERLAND: high inflation is a home-grown problem and will be costly to remedy, the Organisation for Economic Co-operation and Development says in its annual review of the Swiss economy. Page 3

INDIA won the formal support of the International Monetary Fund for initial economic reforms when the IMF announced two loans to India totalling $2.835bn. Page 4

CUBA is preparing measures in case its economic crisis deepens, as a Cuban economist said the Cuban economic situation was "very tense". Page 16; *Cuban-US group wins confidence of Moscow*, Page 2

RTZ Corporation, world's biggest mining company, saw taxable profit drop by 40 per cent to £286m ($483m) because of economic downturn in North America and the UK. Net attributable earnings fell by 43 per cent to £154m. Page 22; Lex, Page 16

NESTE, Finnish state-owned oil and gas company, put UK desire to control acquisition of UK companies by foreign state-owned groups under new pressure with its offer for Sovereign Oil and Gas, UK independent oil company. *Page 18*

FORTIS, Dutch-Belgian financial services group formed last year through a merger between insurance companies Amev and Groupe AG, saw profits up year on year by nearly 11 per cent to Ecu177m ($209m) after tax in the first half of 1991. Page 18

UK prime minister's speech highlights rift between Britain and France

Major calls for Europe to allow wider membership

By Ian Davidson and Ivo Dawnay in Paris

MR JOHN MAJOR, the UK prime minister, yesterday called on the European Community to agree to full EC membership for east European nations and the Baltic states "as soon as they are ready *politically and economically*".

In a landmark speech being seen as a deliberate attempt to counter arguments for rapid progress towards a close federation of the Twelve, Mr Major hinted that even some Soviet republics should not be ruled out as members of an enlarged EC.

In his fullest statement to date on his vision of Europe, Mr Major argued that the Community must not adopt policies that would make it more difficult for other countries to join.

He told a gathering in Paris of 29 leaders of Europe's centre-right political parties: "We in the European Community cannot say 'Here is our club, we have made the rules, and we will make new rules regardless of your interests.'"

The British prime minister's vision of a wider Europe seemed intended starkly to contradict the policy of the French government which puts top priority on the deeper integration of the existing Community of Twelve, before new members should be admitted.

The horse is back before the cart .... Page 4

On Wednesday, in a clear *reference to Britain, President* François Mitterrand restated his opposition to early enlargement of the EC when he said: "I do not want the Community to become a vague free trade area, as certain Community countries wanted from the first day".

The two speeches have highlighted deep-seated differences between Britain and France over the Community's long-term future in the run up to the critical year-end European summit at Maastricht.

By intensifying the long-standing controversy over the choice between a wider or a deeper Community, Mr Major is, in effect, using an altruistic stance towards eastern European to undermine the goals of European federalists.

However, Mr Major did not envisage any immediate expansion of Community membership. "It will take a long time," he said.

Admission of new members, though, should be an explicit part of EC policy, including that for the Baltic states.

In one of the most provocative passages of his speech, he argued that it was too early, even in relation to Russia and other Soviet republics, to "close off options".

"*It is no use saying the Community would not be the same if Russia became closely associated with it,*" he said. "It might have to change, but then we do not live in an unchanging world. The Community will have to change with it."

Mr Major's remarks were echoed by Mr Jacques Chirac, former French prime minister, and were fervently endorsed by all the eastern European delegations.

Mr Mitterrand, though not wishing to exclude new members on principle, maintained that east European countries should in the meantime be accommodated with association agreements or membership of an as-yet-undefined European confederation.

Mr Chirac, his domestic rival, fiercely attacked the president's prescription. "It is unthinkable that, through egoism and a lack of historical vision, we should replace the Berlin Wall by a new wall, which would be made of money."

Jacques Chirac and John Major arrive together at the EBU conference in Paris

Return of Israeli body raises hopes for hostages

By Hugh Carnegy in Jerusalem and Lara Marlowe in Beirut

THE BODY of one of the Israeli soldiers whose fate has become a central factor in negotiations to free western hostages in Beirut was last night flown to Vienna and handed over to the International Committee of the Red Cross.

The release by the Damascus-based Democratic Front for the Liberation of Palestine of the remains of Sgt Samir Assad, a Druze soldier captured in 1983, had been an expected next step in the mechanism set up by the United Nations to solve the hostage issue.

Those close to the Beirut kidnappers said that a Briton – probably Mr Jack Mann, a 77-year-old retired pilot – could be freed within days and that exchanges of Arab, Israeli and western hostages would be completed within two months.

In Israel, government ministers indicated that the release of 51 Lebanese prisoners on Wednesday had been part of the carefully constructed arrangements put together by UN negotiators which would eventually secure freedom for the remaining western hostages in Lebanon.

Islamic Jihad, which last month freed British hostage Mr John McCarthy, yesterday welcomed Israel's release of Arab prisoners as "a positive step towards the release of all hostages in the Middle East" and said it was ready to do all it could to reach a settlement.

The statement was accompanied by a photograph of Mr Terry Anderson, a US hostage, and there was speculation in Beirut that an American might also be released soon.

"We are involved in a process whose details have already been worked out and discussed. We are currently working out that process," said

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Rover Group in $1.3bn Iranian motor deal

By Scheherazade Daneshkhu

ROVER GROUP has signed a preliminary agreement with Iran which envisages setting up car assembly plants to produce the Metro, the Rover 800 and the Land Rover Discovery in the Islamic Republic.

Iranian estimates put the value of the 10 year accord which includes the transfer of technology and equipment, at about £750m ($1.3bn).

News of the deal follows the announcement on Wednesday of a £45m first-half trading loss by the motor vehicle arm of British Aerospace.

Rover last night said it was too early to comment in detail but it could "confirm that there have been discussions with Iranian interests regarding the possibility of future business".

A spokesman for the Iranian delegation said that a letter of intent was signed in London on Wednesday night between Mr George Simpson, Rover's chief executive and Mr Mohammad Mokhberi, president of the government-affiliated Bonyad-e Mostazafin Foundation.

Mr Mokhberi said that Rover has agreed to invest up to 35 per cent of the capital costs of production. If the deal goes through this would represent significant boost for attempts by the Iranian president Mr Hashemi Rafsanjani to attract foreign investors.

Tokyo fears fresh salvos over trade surplus...Page 3
FT Motor Industry Conference .... Page 6

The joint venture company is to be called BonRover – an amalgamation of Bonyad and Rover – in which the Bonyad-e Mostazafin Foundation will have the majority shareholding.

There is an acute shortage of trucks and passenger cars in Iran and the agreement is intended to supply 20 per cent of the domestic Iranian market.

Iran has negotiated the export of 30 per cent of production to other countries in the region, such as Pakistan.

The Bonyad-e Mostazafin Foundation is headed by Mr Mohsen Rafiqdust, the former minister of the Revolutionary Guards. It has come under attack periodically in Iran for failing to produce detailed sets of accounts, but has recently undergone a change of management and structure.

A deal would indicate a return to the substantial foothold in car assembly that the UK held until the early 1980s through Peugeot Talbot. In 1984, its best year, Peugeot Talbot supplied Iran with 90,000 kit versions of the old Hillman Hunter, worth £130m.

Peugeot, the French parent company, was awarded a FFr10bn ($1.7bn) contract by the state-owned Iran Khodrow company to produce 500,000 Peugeots over 10 years in 1989. Deliveries started last year.

In July, BAe's attempts to export six of its 146 airliners was jettisoned by the refusal of the US government to grant a re-export licence because the aircraft contained US-made components. Iran is subject to a US trade embargo and the State Department has said it will not consider lifting it until all US hostages are released from the Lebanon.

Rolls-Royce to lose another 3,000 jobs

By Paul Betts, Aerospace Correspondent, in London

ROLLS-ROYCE, the UK aero-engine group, plans to cut its workforce by a further 3,000 to 4,000 people next year to compete with the productivity levels achieved by its two US competitors, General Electric and Pratt & Whitney.

Sir Ralph Robins, chief executive, said yesterday the company had already shed 3,500 jobs in the first half of 1991 and expected to reduce the workforce by a further 3,500 by the end of the year.

The additional job cuts in 1992 are intended to bring down Rolls-Royce's overall workforce to about 26,000 people to enhance productivity at a time of fierce competition in the commercial aero-engine market and declining defence sales.

The slump in the commercial airline business and the sharp fall in military orders were largely responsible for the 90 per cent decline in first-half pre-tax profits, from £115m to £11m, which Rolls-Royce reported yesterday.

Sales rose by 5 per cent to £1.67bn. Lord Tombs, chairman, said prospects for both the civil engine business and industrial power activities remained sound.

But he did not expect a recovery in the aero-engine business until later next year.

He said Rolls-Royce had been "greatly disappointed" by the recent decision of British Airways, a traditional customer, to choose General Electric of the US to power its new fleet of Boeing 777 twin jet airliners. But Sir Ralph said: "BA aren't the end of the world".

Rolls-Royce has since secured a £250m order for its heavy-thrust Trent engine to power 777s ordered by Thai International Airways.

Despite the BA setback, Sir Ralph said Rolls-Royce had *gained a 20 per cent share of* the civil aircraft engine market. The company is now pinning its hopes on Trent orders from All Nippon Airways and Cathay Pacific.

Unlike British Aerospace, which also reported sharply lower interim profits on Wednesday, Rolls-Royce's first

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Weekend FT

Tomorrow: Japan comes to Britain – a Festival guide

●

The acceleration of innovation at the Frankfurt motor show

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Japan fears trade surplus trouble with its partners

Japan fears that its trade surplus, now growing embarrassingly large, may provoke friction with its partners. Influential US Democrat Richard Gephardt (left) has proposed a Bill that would prompt punitive action

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MARKETS

STERLING
New York lunchtime:
$1.7343
London:
$1.7335 (1.7255)
DM2.9225 (2.9275)
FFr9.855 (9.96)
SFr2.56 (2.565)
Y232.25 (232.75)
£ index 91.2 (same)

GOLD
New York: Comex Dec
$348.2 (349.4)
London:
$346.25 (345.25)

N SEA OIL (Argus)
Brent Oct
$20.225 (+0.25)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.6843
FFr5.7355
SFr1.475
Y133.75
London:
DM1.6855 (1.697)
FFr5.7425 (5.7725)
SFr1.477 (1.486)
Y134.05 (134.9)
$ index 65.0 (65.3)
Tokyo close: Y134.45

US lunchtime rates
Fed Funds: $5\frac{1}{2}$%
3-mo Treasury Bills: 5.357%
Long Bond: $101\frac{7}{8}$
yield: 7.953%

STOCK INDICES
FT-SE 100:
2,641.9 (+15.3)
FT Ordinary:
2,065 (+16.9)
FT-A All-Share:
1,274.61 (+0.5%)
New York lunchtime:
DJ Ind. Av.
3,002.24 (+15.21)
S&P Comp
386.94 (+1.85)
Tokyo: Nikkei
22,530.2 (+25.41)

LONDON MONEY
3-month interbank: $10\frac{5}{32}$ ($10\frac{1}{8}$)
Liffe long gilt future: $95\frac{7}{8}$ ($95\frac{11}{32}$)

At the mercy of one man's whim

Leyla Boulton on Georgia's prospects under its idiosyncratic leader

SANCTION for the break-up of the Soviet Union means that republics bent on independence are suddenly having to switch from freedom-fighting to nation-building. The turmoil in Georgia, which sees itself as next in line for recognition after the Baltics, provides a crash-course in the difficulties of making the transition.

A land of wine, exuberant hospitality and maddening internal quarrels, Georgia has always been beset by its own contradictions. A Christian nation open to outside influences, and a successful democracy for three years until it was invaded by the Red Army in 1921, it is still best known as Stalin's homeland.

Today, this easy-going nation of five million people is in the clutches of a nationalist president who is building a dictatorial regime very similar to the communist autocracy he once fought as a dissident. President Zviad Gamsakhurdia's Stalin-like mixture of paranoia and charm, only distracts attention from the fact that this former English lecturer makes a very bad policy-maker.

"A lack of professionalism will kill us," sighed Mr Tengiz Sigua, who quit as Georgia's prime minister to join the ranks of an increasingly self-confident opposition which, since last month's abortive Soviet coup, has been calling for the president's resignation.

The fact that the gradual Soviet decay, culminating last month in the collapse of centralised communist rule, has brought to power nationalist leaders with no previous experience of politics does not necessarily spell disaster. Neighbouring Armenia for instance has found a deft and level-

headed leader in Mr Levon Ter-Petrosian, a former historian.

But a cocktail of new political institutions plucked from western tradition – including French-style prefectures and an overpowerful presidency – has tied Georgia's fate to the whim of one man who takes erratic decisions on everything from economic policy to nominating university rectors.

A lack of political maturity means that many Georgians still trust him implicitly despite the fact that his security police opened fire on protesters this month and that he calls all his critics liars, criminals, or "enemies of the people". Laura, a laboratory worker in Stalin's home-town of Gori, exemplifies the blind support the president enjoys even among educated people.

"It's a lie that Gamsakhurdia is a bad man," she says simply.

But if street rallies, the defection of his National Guard, possible student protests (when the president allows the academic year to start), or parliament (when the president dares convene it) do not remove him, he may well fall under economic pressures.

With shops much less well stocked than a year ago, and prices sharply up, Georgians could start voting with their stomachs this winter.

Having vowed to replace the crumbling state-planned socialist economy with a free market system, Mr Gamsakhurdia is now being accused of preserving state control over the economy in order to preserve his own power.

According to Mr Sigua, the president is dragging his feet over land reform even though a speedy transfer of land to peasants would quickly help boost food supplies and enable a switch away from a "colonial" set-up whereby Georgia produces cash crops like tea and citrus fruit for sale to the rest of the country.

Mr Gamsakhurdia denies the charges, saying that parliament, which he has controlled totally until now, is "guilty" of not adopting land reform. The embattled Georgian leader now talks in vague and muddled terms about the need for a "convergence" of socialism and capitalism in a transitional period.

Mr Sigua also believes that it was under pressure from the old-style mafia with links to the communist apparatus and its hand deep in the state till that Mr Gamsakhurdia dropped legislation aimed at encouraging the growth of a new entrepreneurial class. This week, in another example of an economy held hostage to political interests – Mr Gamsakhurdia announced he would not join an economic union with other republics.

"There will be economic co-operation but no economic union because that will be a new form of the Soviet Union," he said, disregarding the fact that much of Georgian industry is heavily dependent on the rest of the union both for industrial components and markets.

Recent weeks have also seen a rekindling of ethnic passions in South Ossetia, just two hours' drive away from Tbilisi and a convenient distraction from Georgia's internal political problems.

The Soviet Union is littered with inter-ethnic problems of this type, which the old central authorities had an interest in stoking up to stop republics from seceding. But following the coup attempt and the replacement of hard line security and military men in Moscow it was hoped that such issues could be discussed in a spirit of compromise.

Mr Stanislav Kochiev, a South Ossetian spokesman, admitted this week that the conflict between Georgian and Ossetian nationalists had indeed been exploited by Moscow before the coup attempt.But Mr Gamsakhurdia, who has tried to suppress their attempts to break away from Georgia by violence, seems unprepared to start talks, telling journalists that everything they knew about violence in Tskhinvali, the South Ossetian capital, was "lies".

His opponents warn that recognition of Georgian independence by western governments, the one big political prize he is still seeking, could make the life of his people more difficult by removing all barriers to his rule. Mr Gamsakhurdia replies that all present ills can be blamed on the "transitional period" and will end as soon as Georgia is recognised as an independent state.

Paranoia and charm: President Gamsakhurdia addressing his supporters on Wednesday night

Cuban-US group wins confidence of Moscow

By Lionel Barber in Washington

THE SOVIET decision to withdraw troops from Cuba represents the first fruits of some quiet but intensive contacts between reformers in Moscow and the politically influential Cuban-American community in the US.

Mr Jorge Mas Canosa, a millionaire businessman said to harbour ambitions of succeeding President Fidel Castro in a post-communist Cuba, has been the driving force behind these contacts which began shortly before the fall of the Berlin Wall.

In 1989, Mr Mas Canosa helped to sponsor the first trip by Mr Boris Yeltsin to the US. At the time, many focused on Mr Yeltsin's taste for vodka and his cool reception by the Bush administration; few noticed his trip to Miami where he offered the first clear-cut pledge by a Soviet politician to cut off military aid and economic aid to the Castro regime.

After the failure of the Kremlin coup, Mr Mas Canosa lost no time in arranging a trip to Moscow. For the past 11 days he has been in the Soviet capital, heading a Cuban-American delegation which has held talks with high-ranking officials of the Russian Republic as well as representatives of the central government.

Mr John Cox, a spokesman for the Cuban American Foundation in Washington DC, said yesterday that Mr Mas Canosa's mission is to look for potential business opportunities in the Soviet Union and to offer expertise in areas such as construction and transport.

The broader aim, however, is to sound out Soviet intentions, not just on military issues but also on the more important question of trade links which President Gorbachev proposed this week to "normalise" by ending the barter of subsidised Soviet oil for Cuban sugar.

Already, Mr Cox says, the Soviets have agreed to allow the Cuban-American Foundation to open an office in Moscow – a stunning concession since the foundation has long been an anti-communist bastion and includes former collaborators with the pre-Castro Battista dictatorship.

Planning for a post-Castro Cuba is well underway at the foundation. Members have drawn up an economic reform plan and a new constitution. But Ms Gillian Gunn, a Cuba expert at the Carnegie Institute in Washington DC, cautioned yesterday that Mr Mas Canosa and his friends are not necessarily guaranteed a one-way ticket to power if Castro falls.

Other Cuban-American groups such as the Democratic Platform command support among the exile community. These groups are pressing for a "dialogue" with Castro and his colleagues in order to improve the chances of a peaceful transition to a democracy with a functioning market economy, with no victimisation of Castro's supporters.

For the moment, the US government is watching cautiously. Although the State Department has ordered a Rand Corporation study on Cuba, the immediate focus is on next month's party congress. Officials are looking for any clue that Castro or members of his inner circle are ready to take limited steps toward a market economy.

Until the results of the congress become clear, both Washington and the Cuban-Americans in Miami are inclined to keep the champagne on the ice.

● Mr Boris Pankin, the Soviet foreign minister, said yesterday the decision to withdraw troops from Cuba was part of a "de-ideologisation" of Soviet foreign policy, writes Mark Nicholson in Moscow. Mr Pankin said Moscow would gradually reduce military aid to Cuba, which has recently averaged $1.5bn a year.

Top Soviet economic reformers take the helm

By John Lloyd in Moscow

TWO of the best known reformers are expected to take the top jobs in economic management of the Soviet Union following the resignation of Mr Ivan Silayev.

Mr Arkady Volsky, president of the Scientific Industrial League which represents Soviet state and private business, is thought likely to succeed Mr Silayev, the Russian prime minister, as chairman of the Committee for the Management of the National Economy – which now acts as the Soviet government.

Mr Volsky, a former Communist Party Central Committee member and close ally of President Gorbachev, is deputy chairman of the committee.

Mr Grigory Yavlinsky, the member of the committee responsible for economic reform, is slated for the job of chairman of the Inter-Republican Economic Committee – the body which will oversee the common economic interests of those republics which sign an agreement to be part of a new Soviet "common market."

Mr Silayev said he was quitting after a sharp disagreement with Mr Yuri Luzhkov, a fellow committee member, who accused Russia of riding roughshod over the interests of the other republics.

Mr Silayev yesterday refused explain his resignation, saying it was a matter for the State Council.

Behind his decision, however, lies a series of bitter disagreements within the Russian and Soviet leaderships – which Mr Gavril Popov, the mayor of Moscow, yesterday said was a bigger threat to future stability than "reactionary forces" still lurking in the state structures.

Moscow's now substantial business community is enraged by powers granted to Mr Popov by Mr Yeltsin on August 28, which allows the Moscow mayor to freeze or cut prices, thus stopping the trend towards free prices set by enterprises themselves. Mr Konstantin Borovoi, president of the Moscow Commodity Exchange, has charged the Moscow authorities with preparing a decree to set ceilings on prices in the commodity exchanges, the bodies which increasingly substitute for the decaying state supply bodies.

Mr Borovoi has threatened a "business strike" which would see the private sector transfer their operations to St Petersburg, or other Russian cities. He has threatened to leave Moscow as "a graveyard in which Popov and Luzhkov will govern masses of the unemployed".

Mr Yeltsin yesterday issued a decree taking all of the energy industries – including oil, gas and coal production – under Russian control. The move had been long advertised, but came as a confirmation of the steadily rising power of the Russian Federation.

Mr Yavlinsky's plan for an economic agreement is now the favourite. Other proposals are now said to be either in line with Mr Yavlinsky's, or too soft on central discipline to be serious contenders.

Mr Yavlinsky has already presented a draft economic treaty to the State Council which proposes a banking and monetary union exercising tight control over budgetary and financial policies of the member states in order to curb inflation and budgetary deficits. He will present a further plan for co-operation with foreign governments and international institutions offering emergency and longer-term aid to the Soviet Union at Monday's session.

Air force 'was ready to bomb Kremlin'

STARTLING details emerged yesterday of the attempted seizure of power by hardline communists last month.

Defence Minister Yevgeny Shaposhnikov told the liberal Nezavisimaya Gazeta newspaper that he and other senior military leaders had considered storming and bombing the Kremlin to dislodge the coup leaders.

But the plan was dropped for fear there would be resistance from the KGB in the Kremlin with heavy casualties, he said.

Lifeline team to assess needs

The first British-government sponsored "lifeline" team will visit the Soviet Union on September 22 to assess the country's pressing food distribution needs, writes John Thornhill.

The team of experts includes some high-profile names from the British food manufacturing and retailing industries, including the specially constituted British Food Consortium and companies like Allied Lyons, Argyll Group, APV and ICI Europe.

UN ready to admit Baltics

The UN Security Council yesterday recommended unanimously the admission of Estonia, Latvia and Lithuania as full members of the United Nations, writes Michael Littlejohns, UN Correspondent, in New York.

The General Assembly is expected to admit the newly independent states when it begins its new session next Tuesday.

Still in jail

More than 100 political prisoners remain in Soviet jails, a western human rights group said yesterday, Reuter reports from Moscow.

Nato expected soon to scrap short-range nuclear weapons

By David White, Defence Correspondent

THE prospect of an early decision to eliminate all short-range nuclear weapons deployed with Nato armies in Europe were confirmed yesterday by Mr Manfred Wörner, the organisation's secretary-general.

But he said the question remained whether Nato should scrap the weapons unilaterally or seek a formal agreement with Moscow on the lines of the 1987 INF treaty. That treaty banned US and Soviet ground-based nuclear missiles with ranges of between 500km and 5,500km.

Nato leaders agreed last year to remove the allies' entire stockpile of about 1,500 nuclear artillery shells if the Soviet Union did the same. This decision followed the abandonment of plans to update Nato's ageing Lance nuclear missiles.

Plans for a drastic reduction in the number of US warheads in Europe – estimated at about 3,700 including aircraft bombs – are expected to be agreed by defence ministers next month. Mr Wörner said a formal decision was likely to be made at the Nato summit in Rome in November.

Mr Richard Cheney, the US defence secretary, accepted last weekend that land-based nuclear weapons in Europe were now "practically unnecessary".

US-Soviet talks on short-range nuclear arms were due to start this year following the conclusion of the CFE treaty cutting conventional weaponry across Europe. But Nato has been divided about the desirability of pressing ahead with nuclear negotiations.

Both the US and Britain have argued that a treaty would be difficult to verify. They are also trying to preserve plans for a new generation of nuclear missiles carried by aircraft, as a means of maintaining a "sub-strategic" nuclear capability in Europe.

Mark Nicholson adds from Moscow: Mr Boris Pankin, the Soviet foreign minister, said he would hold further talks today with Mr James Baker, the US secretary of state, on bilateral issues, including nuclear arms.

Mr Pankin said he had already offered assurances that there was "no room for concern about the possible decentralisation" of control over Soviet nuclear forces.

He added that although Mr Boris Yeltsin, the Russian president, had said that all nuclear weapons would be consolidated within the Russian federation, no such transfer had yet begun.

Following Mr Baker's remarks on Wednesday that there now existed "new opportunities" for negotiating further arms reductions with the Soviet Union, Mr Pankin said: "We are naturally thinking about the possibility of accelerating reductions of all kinds of nuclear weapons."

● The Soviet Union yesterday urged other members of a 118-nation pact outlawing germ warfare agents to agree on tighter safeguards, AP reports from Geneva.

Mr Sergei Batsanov, Soviet chief envoy to a conference reviewing the 1972 convention, suggested adding a list of prohibited "activities, devices and equipment" to the generally-worded convention.

The Soviet statement echoed a similar proposal by the European Community. Both clash with the US view that a list would be counterproductive because no technology is in sight to distinguish between allowed research, including the drug industry, and biological weapons work.

Ukraine makes pledge to Jews

By Chrystia Freeland in Kiev

THE UKRAINIAN government yesterday promised Jewish leaders who flew to Kiev to commemorate the 50th anniversary of the Nazi massacre of 100,000 Jews at Babi Yar that the republic would not become a refuge for war criminals and would actively prosecute any currently living within its borders.

Mr Leonid Kravchuk, the Ukrainian leader, added that the Ukraine's ambassador to the United Nations would break with precedent and vote against a bill equating Zionism with racism if it comes before the UN this autumn.

The Ukraine, which is the homeland of many recent Soviet Jewish immigrants, would like to sign a consular agreement with Israel.

Mr Edgar Bronfman, head of the World Jewish Congress, reported these promises after what he termed "a most satisfactory meeting" with Mr Kravchuk. Mr Bronfman, accompanied by Nobel laureate, Mr Elie Wiesel, was in Kiev yesterday to commemorate the 50th anniversary of the Babi Yar massacre, according to the Jewish calendar.

On September 29 foreign heads of state, including an Israeli delegation, are expected to attend a high profile commemoration of the massacre.

Mr Wiesel, who coined the term "holocaust", said that, although Jews in Ukraine had suffered "terrifying moments" over the centuries, "Ukraine was taking positive steps to improve its relations with Jews and, like every nation, had the right to self-determination.

The Ukrainian parliament also new passed a new law which establishes "a single republican citizenship" to replace the current system of dual republican and Soviet nationality. In contrast with the more restrictive legislation of the Baltic states, The law grants Ukrainian citizenship to all individuals whose permanent residence is currently in the Ukraine.

EC visitors find Union collapsing round them

By David Buchan in Kiev

THE jaws of Mr Frans Andriessen and his fellow Eurocrats have dropped steadily lower in astonishment this week, as they have found economic and political disintegration proceeding with equal speed in current and former Soviet republics.

Hours after Mr Andriessen, the EC external affairs commissioner, was presented with an Ecu5bn ($5.9bn) to Ecu6bn request for extra food aid by Mr Ivan Silayev, the Russian prime minister, reports came in that the premier had resigned from the committee temporarily running the Soviet economy.

Mr Andriessen is charged with finding out who is in authority in what is left of the Union. He said: "If I have to deal with 10, 11, 12 republics, then my task [of delivering EC aid] is enormously more complicated."

The EC's five-day mission to the east began in the Baltic states in an atmosphere of relative mutual understanding.

Once inside the rump Soviet Union, however, the EC was presented with radically different views and demands. In Moscow, Mr Silayev first gave the impression of continuity by agreeing that the EC's current food and technical aid programme of Ecu1.15bn could carry on without major change, and then caused Eurocrats' eyes to bulge by asking Brussels to quintuple its aid while furnishing little detail to back the extra request. Even more worrying was the lack of will, or ability, in Moscow to stabilise the existing rouble.

But it was only after Mr Andriessen arrived in the Ukrainian capital of Kiev – hours late because of a meeting with President Mikhail Gorbachev – that the full impact of the Union's disintegration sunk in. "I had to come to the Ukraine to understand how upset its leaders were that I had postponed my arrival to meet Gorbachev," the commissioner said. "The Ukrainians think Gorbachev is largely irrelevant to them".

The commissioner heard nothing but the chant of independence from everyone he

'If I have to deal with a dozen republics my task is enormously more complicated' – Frans Andriessen

saw in Kiev, ranging from Mr Leonid Kravchuk, the ex-communist who is the current president, to his main opponent in the republic's December 1 elections, Mr Vyacheslav Chornovil. A senior republican MP said that "Ukraine should do its best to make the current system disintegrate", while one of Mr Kravchuk's ministers said that "to get united eventually, we must first disunite".

Afterwards, Mr Andriessen said he was shocked that when he asked Mr Kravchuk what economic competences he was ready to give the Inter-Republican Economic Committee (all that remains now of the once-mighty Gosplan), the Ukrainian leader said the committee should confine itself to protecting Ukraine's trade with other republics.

Mistrust of Moscow and greater Russia was open. Mr Kravchuk complained that the republic would within a month run out of roubles to pay people, because "twice recently I have appealed to Moscow to help us with money, but we have received nothing". Gosbank's decision to keep the rouble presses rolling for Russia, but not for the Ukraine, has in fact created higher inflation in the former than in the latter. But that is not how it was seen by Mr Kravchuk.

An unnerving factor for the European Commission, which now has to decide whether and how to act on Mr Silayev's multi-billion dollar aid request, was the warning from Ukraine's foreign minister, Mr Arkady Zlenko.

Saying Ukraine was not consulted on Moscow's aid plea, he cautioned the Community visitors: "Be careful – Mr Silayev will use it for Russian purposes".

Even in the short term, this enmity between the Soviet Union's two most populous republics raises the prospect of a fearsome tug-of-war over EC aid.

Mr Andriessen says: "It's our money – we will decide where it goes". But it will not be that simple. The Soviet republics are hardly helping Brussels to help them.

Belgrade 'printing money to pay army'

By Judy Dempsey

YUGOSLAVIA'S federal government is financing the army through printing money, a senior official from the breakaway republic of Slovenia said yesterday.

At the same time, and in contravention to the Brioni agreement between EC officials and Yugoslav leaders last July, the National, or central, Bank of Yugoslavia (NBY) is still refusing to lift its embargo on extending credit lines to Slovenia.

Mr Marko Kranjec, an advisor to Slovenia's national bank, said Mr Ante Markovic, the federal prime minister, had been issuing new money through the NBY to the army since the summer.

His claim, which western diplomats in Belgrade yesterday did not refute, partly explains why the federal army has been able to continue fighting in Croatia which also declared its independence on June 25.

Over 40 per cent of the federal budget, or 3.5 per cent of GDP, is allocated to the army. Much of the defence budget is hived off for pensions and salaries, while about 6 per cent is spent on modernising arms.

The defence budget was financed from contributions from the federal budget and the republics until this year when Slovenia and Croatia stopped payments.

The decision to print money also runs counter to Mr Markovic's anti-inflation policy. Since becoming prime minister in March 1989, Mr Markovic based his economic reforms on a tight monetary policy aimed at bringing down inflation which was then running at over than 2,000 per cent a year.

Inflation fell to 150 per cent by the end of last year. Recently it has risen above 12 per cent a month, largely through printing money, and the breakdown of the Yugoslav federation.

But printing money to pay an army which often operates side-by-side with Serb paramilitary units in Croatia, appears to confirm fears by the federal government that if it did not continue to finance the army, the military might be tempted to stage a coup against the federal government.

The army's high command was thrown into disarray following the humiliation of the federal army by Slovenia's Territorial Defence Units last July. Mr Veljko Kadiejvic, the defence minister and a Titotist "federalist", saw how the Yugoslav federation was collapsing, while General Blajoe Adzic, a Serb, and chief-of-staff, was determined to prevent Croatia from leaving the federation.

Meanwhile, Mr Kranjec, along with other senior Slovene banking officials, visited London this week to persuade the Bank of England and the Treasury to extend export credit guarantees to Slovenia.

Slovenia has operating reserves of $250m. Ideally, it requires $1.2bn – the equivalent of four month's imports – to finance imports.

All credit lines from the NBY to Slovenia were suspended when the republic declared its independence on June 25. They were supposed to be renewed after the Brioni meeting. But Mr Kranjec said Admiral Stane Brovet, a Slovene, and the deputy defence minister, instructed the NBY not to lift the embargo.

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EUROPEAN NEWS

Italian employers warn recession has begun

By Robert Graham in Rome

THE Italian employers' federation, Confindustria, has warned that the economy has entered a recession and is projecting growth this year will fall below 1 per cent, with inflation obstinately above 6 per cent.

This is the gloomiest view yet of the Italian economy and contrasts sharply with the Andreotti government's belief that the country can avoid a formal recession. Earlier this year the government predicted GDP would grow by 2.7 per cent but subsequently revised this to 1.6 per cent.

The warning of a recession comes at an awkward moment for the government, which faces conflicting economic and political pressures as it prepares the 1992 budget. The fragile four-party coalition, led by the Christian Democrats, is committed to exercise tighter control over state spending, tackle the country's mounting public debt and accelerate privatisation.

This is also the first time the budget, due to be presented by September 30, is being drawn up in consultation with the EC. The Italian authorities have been made well aware in recent weeks that without better housekeeping the country risks falling into the second division of the Community after 1992.

But equally Mr Giulio Andreotti, the prime minister, faces an election in eight months. He is thus reportedly reluctant to squeeze public spending, initiate structural reforms and preside over a recession that would prejudice his Christian Democrat party at a time when Italian politics are in a state of flux. In an effort to balance these pressures, ministers are this week holding a series of meetings with both the employers and the trade unions.

The Confindustria economic forecast contains an element of self-interest. Employers fear they will be called upon in the budget to assume a greater fiscal burden and are therefore warning in the current climate of slim order books and high wage costs that they can bear no more.

Instead, they argue, public-sector wages should be frozen, pension contributions be less onerous, government transfers to local authorities limited and a real effort be made to privatise. According to Confindustria, public-sector wages rose 9 per cent in real terms last year and remain well above inflation this year.

However, employers are raising genuine concerns, having to face a recession with high labour costs and a fire in the strait-jacket of the European monetary system.

Mr Walter Mandelli, head of research at Confindustria, this week said: "A recession after six or seven years' growth is not so unusual. But in Italy's case, the recession has hit an economy fraught with distortions and imbalances which have developed in the past few years and which are many times worse than those that nearly destroyed the Italian economy during the previous decade."

Brussels worried about slow passage of 1992 laws

THE European Commission will today warn EC ministers that the efficiency of the single European market could be severely hampered unless they throw their political weight behind several important measures now jammed at various points in EC or national legislative machinery, Andrew Hill writes from Brussels.

The Community has already adopted all but 69 of the 282 internal market measures proposed, but only 17 of those measures have a reasonable chance of adoption by the end of this year, according to a Commission working paper.

That compares with 50 which are on the Brussels priority list. Of the measures adopted, many have not been implemented by national governments.

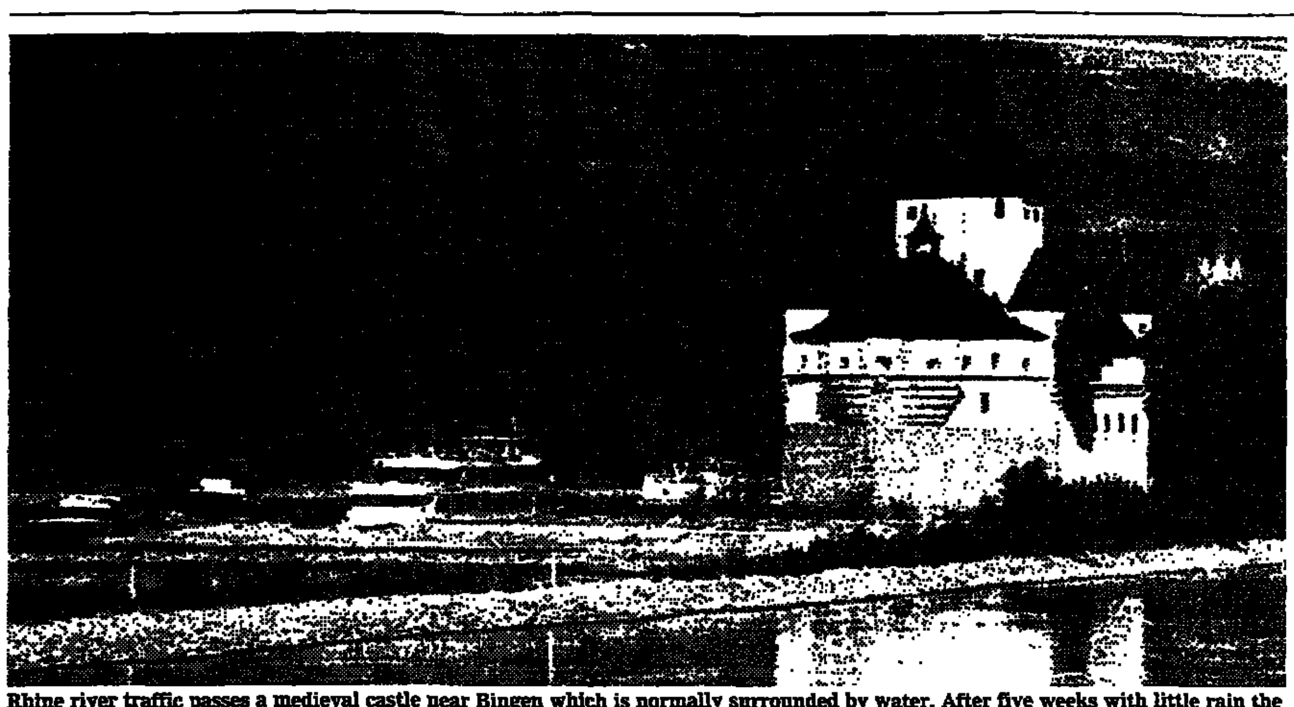
Among the most important measures likely to be held over until next year are the proposal for a European company statute, and three company law directives, including one dealing with cross-border mergers and one with takeovers.

Decisions on those measures "can be ruled out this year unless there is significant political reorientation", says the Commission. That could delay a genuine single market until beyond the target date of January 1 1993.

The Commission's latest thoughts on progress towards a barrier-free European market will be put to internal market ministers at an informal meeting in Amsterdam today and tomorrow.

Ministers will also consider what needs to be done to clear away the last frontier controls in some member states on everything from homing pigeons to walkie-talkies. "After all the efforts that have been made to dismantle frontier controls, it would be beyond understanding if such controls were retained for certain specific products and for certain member states," says the Commission in a second working paper.

Perhaps the internal market measure least likely to progress further this year is the proposal to allow passenger coaches to pick up customers anywhere in the Community – road transport cabotage. The Commission points out in its working paper that "no discussion has taken place on this dossier for several years", though it is in theory a priority measure. "National markets are closed and there is little or no support for the proposal," says the Commission wearily.



Rhine river traffic passes a medieval castle near Bingen which is normally surrounded by water. After five weeks with little rain the depth of the river here, 800km upstream, was 44cm earlier this week, compared with its average 1.99m. Barges have been forced to lighten their loads to about a third of normal levels and are only just clearing the bottom. Water levels in some places on the river, the world's busiest inland waterway, are at their lowest since 1985.

Reducing inflation will be costly, OECD tells Swiss

By William Dullforce in Geneva

SWITZERLAND'S stubbornly high inflation is a home-made problem, the Organisation for Economic Co-operation and Development says in its latest annual review of the Swiss economy. It says disinflation of Europe's richest economy may be more protracted and costly in terms of lost output and employment than in previous periods of inflation.

The OECD warning that high wage increases for 1991 already carried a risk of refuelling price inflation, followed an announcement earlier this week that the biggest Swiss trade union would seek full compensation for price rises in this autumn's negotiations on 1992 wage levels.

In the short term there is no alternative to the restrictive monetary policy of the National Bank, the OECD secretariat says. For the longer term it makes several recommendations. These include:

- a revision of the mechanism which ties housing rents to mortgage rates;
- reform of the federal tax system;
- further dismantling of domestic cartels
- a scaling back of subsidies to agriculture.

By now it is generally accepted that the National Bank made a mistake by easing monetary policy immediately after the stock exchange crash in October 1987. Swiss consumer price inflation accelerated from a trough of 0.6 per cent in 1986 to an average of 5.4 per cent in 1990.

Last year, for the first time in more than a decade, Swiss inflation exceeded the weighted OECD average (excluding Turkey) and, significantly, has been higher than inflation in Germany, the main trading partner. The latest figure is an annual rate of 6 per cent in August, down from 6.6 per cent in July. Most Swiss economists expect the rate to fall to 4 per cent or lower next year but the OECD says inflation will still be relatively high by Swiss standards at the end of 1992.

The OECD's short-term projections for the Swiss economy nevertheless indicate its underlying strengths. The slowdown is forecast to lead to a GDP increase of only 1 per cent this year and 1.7 per cent in 1992. But industrial output is expected to grow 2 per cent this year and 3 per cent next; exports, benefiting from strong demand in Germany, are set to increase by 3 per cent each year while growth in imports should pick up from 2.5 per cent this year to 3.2 per cent in 1992.

Swedish ruling party trailing on eve of poll

By Robert Taylor in Stockholm

SWEDEN appears to be heading towards a non-Socialist parliamentary majority in the country's general election on Sunday but there are signs of a late surge in support for the ruling Social Democrats, according to the final eve-of-poll survey carried out today's Svenska Dagbladet, the leading Swedish newspaper.

The survey indicates 37.7 per cent of those questioned will vote for the Social Democrats, compared with 43.2 per cent share of the vote they received in the last election three years ago. But this is a better result than in other recent surveys and it will encourage prime minister Ingvar Carlsson.

However, the poll, conducted by SIFO, suggests 53.3 per cent of respondents will support one of the five non-socialist parties. The right-wing populist New Democracy seems to be fading in the polls.

The other four non-socialist parties took 48 per cent between them in the poll, just enough to win a parliamentary majority. The Moderates took 21.5 per cent of the vote, the Liberals 10.9 per cent, the Centre 8.4 per cent and the Christian Democrats 7.2 per cent.

But the outcome could bang on what happens to two other parties. The Communists – now called the Left party – will receive only 4.9 per cent of the vote, according to SIFO, and could lose their seats in parliament, while support for the Greens, at 3.6 per cent, appears to be rising slightly.

Polish factory occupation ends

OVER 3,000 workers at the financially troubled Star truck factory in Starachowice, 120km south of Warsaw, have ended a four-week occupation after promises of financial support from the Polish government, Christopher Bobinski reports from Warsaw. Lazard's, the UK merchant bank which is advising Star, has told the government a foreign company is interested in investing in the truck-maker.

The package includes a Zl 45.6bn (£2.3m) government loan which will enable the factory to produce a new light truck. The government will also guarantee a £1.1m loan to buy 350 Perkins engines for a trial series of the new vehicle.

- Volvo of Sweden is holding talks with Jelcz, another ailing Polish truck maker, on a joint venture.

Aids conference for Amsterdam

NEXT year's international conference on Aids is to be moved from Boston to Amsterdam, in protest at the US government's discriminatory immigration policy against people infected with HIV, the virus that causes the disease, Clive Cookson, Science Editor, writes.

Dr Jonathan Mann of Harvard University, the conference chairman, announced the new location in London yesterday at a meeting of people with HIV and Aids.

Unlike European countries, the US maintains an immigration ban on people known to be HIV positive. The Bush administration has refused to lift the ban, even though most medical experts maintain it is unfair and unnecessary, since HIV spreads only through blood or sexual contact.

Spanish inflation slowed in August

SPANISH consumer prices rose by 0.4 per cent in August, following a sharp 1.2 per cent increase in July. The moderate rise has encouraged the government to predict a fall in the inflation rate over the coming months, Tom Burns writes from Madrid.

The August CPI put the accumulated price rise in the first eight months at 3.8 per cent and kept the 12-month figure unchanged from last month at 6 per cent.

Although the target of 5 per cent inflation at the end of this year, down on a 6.5 per cent rise in December 1990, now appears to be beyond reach, the economy ministry is confident that inflation will be below 6 per cent at the end of 1991.

Spanish unemployment dropped marginally in August to 14.5 per cent of the active labour force.

WORLD TRADE NEWS

Tokyo fears fresh salvoes over trade surplus

The big worry is that US recovery will be matched by a rise in Japanese exports, **Robert Thomson** writes

FOR the past few months, the Japanese government has hoped the outside world would ignore the flow of figures suggesting that the trade surplus, supposed to be headed towards politically insignificant levels, was growing embarrassingly large.

"Special factors", such as currency and oil price fluctuations, were blamed for the large year-on-year surplus increases, the most recent a 68.4 per cent rise for August announced on Wednesday. While these "special factors" have exaggerated the increase, Tokyo now concedes that this year's surplus could be uncomfortably close to the 1986 record of $82.7bn (£48.9bn) and that the figure alone could provoke trade friction.

The biggest worry of all is that the stirrings of US recovery will be matched by an increase in Japanese exports. While the surplus (up 26.2 per cent to $32.3bn in the first half) has been on the rise, US criticism has been muted because of a fall in the bilateral surplus for four consecutive months – but, in August, the US surplus was 5.8 per cent higher than last year and the trend was turned around.

That announcement coincided with a proposal by the influential US Democrat, Mr Richard Gephardt, for a bill this month that would essentially prompt the US administration to revive "Super 301" punitive action against Japan. His proposal targets countries that account for more than 15 per cent of the US trade deficit, meaning Japan, which last year accounted for about 40 per cent of the deficit.

At the same time, Japan's surplus with the EC, up 60.9 per cent in August, the 10th consecutive month of increases, is fast becoming a source of friction. Apart from a rise in Japanese exports, the deflation of the country's financial "bubble" has led to sharp falls in imports of luxury European cars and artworks. Tokyo has brought some of the trouble on itself by classifying paintings according to the painter's nationality, regardless of of where the painting was bought or from where it was exported. Given the Japanese fondness for the French Impressionists, imports from France were overstated, so the end of the art-buying spree has been accompanied by a fall in total imports from France, down 29.8 per cent in August, and by fears of trade disputes.

While this year's surplus total may be close to the 1986 record figure, the mix of Japanese trade has changed significantly over the past five years. Asia has replaced the US as the most important trading region, manufactured imports have risen, and overseas production bases have increased. Yet the most serious trade "problem", the competitiveness of Japanese products, remains.

Tokyo did all the right things post-1985, having overseen an appreciation of the yen, stimulated domestic demand, opened up markets, and run import promotion campaigns. But the slowing of domestic growth this year and the surge in capital investment by Japanese industry over the past two years has given them the means and the inclination to increase exports.

Mr Noboru Hatakeyama, vice-minister for international affairs at Ministry of International Trade and Industry (Miti), listed three causes for the fast-growing surplus this year: a stronger yen, collapse of the "bubble" economy, and unusual demand for imports from a reunified Germany. He concedes the "bubble" economy, and the accompanying rush of luxury imports, exaggerated the the improvement in Japan's terms of trade over the past five years.

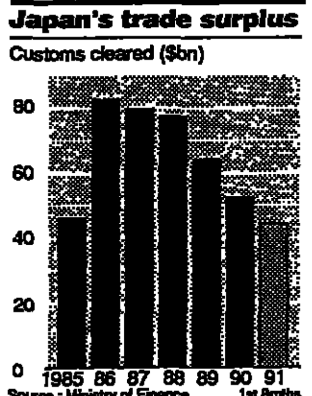
His biggest concern is that the US recovery will suck in Japanese imports, as appears to be happening, and that Washington will make his job all the more difficult. But Mr Hatakeyama believes that the improvement in the terms of trade will continue after a year or so. "The fall of imports this year with the collapse of the financial bubble is a one-time event. This (trend) may continue for one or two years," he said. The removal of the bubble, he indicated, will make clearer the structural changes in the Japanese economy, and imports will resume their rise.

While Mr Hatakeyama is confident that this year will be a blip on the graph, foreign economists based in Tokyo are competing to come up with enormous figures for the Japanese surplus in the next year or two. Estimates of $100bn for calendar 1992 are common, and the figure for the current year is reckoned to be somewhere between $70bn and $85bn, with the "special factors" of oil prices and currency responsible for about $20bn of that.

Meanwhile, the current account surplus, which includes invisible trade, is also on the rise. It was up 136.6 per cent in the second quarter and, after falling from $87bn in 1987 to $35.7bn last year, is widely expected to be between $50bn and $60bn this year. The Gulf War prompted some Japanese to cancel planned overseas trips earlier this year, which has had the effect of increasing the current surplus, while the "special factors" have again exaggerated the overall rise.

Special factors aside, Tokyo will be pressed in coming months by its trading partners to be seen to be acting over the very visible surplus. The large end-year figure could inspire vote-conscious US Congress representatives to suggest nothing has changed, and to seek a tougher line.

Japan's trade surplus



Source: Ministry of Finance

Recent measures by South Korea to cut its growing trade deficit, especially with Japan, could become a point of bilateral contention, a Ministry of International Trade and Industry (Miti) official said yesterday, AP-DJ reports from Tokyo.

Last week, Seoul acted to stop domestic banks borrowing overseas for the rest of the year and to cut foreign-currency loans to South Korean companies for buying foreign-made capital goods. It also moved to increase loans to companies buying locally-made machinery instead of imported goods.

If the policies were specifically aimed at Japan and violated Gatt, Japan might protest, the official said, but would try to resolve differences amicably. Japan's surplus with South Korea in 1990 was roughly $5.8bn (£3.43bn). With Japan's bilateral surplus during the first half of 1991 reaching $4.5bn, observers think it could reach $10bn for the year. Machinery accounted for some 60 per cent of Japan's $17.5bn exports to South Korea in 1990.

US asks for Gatt conciliation in row over Airbus subsidy

THE US has taken its argument with the European Community over subsidies on Airbus airliners one step further with a request for conciliation from the General Agreement on Tariffs and Trade (Gatt), a US trade official said yesterday, Reuters reports from Geneva.

Washington asked for conciliation – the last necessary step before it is entitled under Gatt to ask for a dispute panel ruling – three weeks after formal consultations with the EC had failed to resolve the Airbus argument.

"Those consultations had not led to a mutually satisfactory result," the official said.

Washington charges that big subsidies on the airliners enable the four-nation Airbus consortium to rob market share from its US rivals, Boeing and McDonnell Douglas.

The official said Gatt's subsidies committee, to which the US complaint has been made, would meet on September 26 to try to reconcile the two sides.

If the dispute remains unresolved, the US can then request a dispute panel 30 days after requesting conciliation. Its conciliation request was made on August 21.

If the subsidies committee adopts the panel findings, the parties are expected to abide by them.

The EC contends the dispute should be considered under Gatt's more lenient Civil Aircraft Code, which takes into account "special factors which apply in the aircraft sector", in particular widespread government support.

Taiwan shelves China tyre factory project

TAIWAN has shelved an application for the island's biggest investment project in China because of fears that growing economic ties will make Taipei vulnerable to political pressure, officials said, Reuters reports from Taipei.

The Investment Commission put on hold an application by Cheng Shin Rubber Industrial Company to invest $20m in a tyre plant in China's coastal city of Xiamen, a commission spokesman said.

He said the cabinet's Mainland Affairs Council, which formulates Taiwan's policy towards China, had expressed concern about the large size of the investment.

Kao Koong-lian, vice-chairman of the council, stressed that the application had not been rejected and would be considered again later this month.

Economists estimate that Taiwanese businessmen, trying to escape soaring land and labour prices at home, have poured more than $2bn into at least 2,000 investments in China since the late 1980s, when political tensions began to ease.

Senior officials have said in recent months, however, that they may impose curbs on investment in China because Beijing could use its control over the projects to blackmail Taiwan.

Farm trade reform 'could feed hungry'

ANY LIBERALISATION of agricultural trade through Gatt is likely to result in a considerable increase in what is called food aid, a Swansea conference was told, Geoff Tansey writes.

Although official cereal food aid has stabilised at about 11m tonnes, as much as 60m tonnes of the cereal trade could fall into the category of aid, Professor Hans Singer told the Development Studies Association conference.

Total imports of food to developing countries are about 90m tonnes, but only 30m tonnes are strictly commercial. Prices for that 30m tonnes are depressed by EC, Japanese and US policies.

Prof Singer believes the question of definition will become important if a Gatt agreement is reached which includes the draft guideline excluding "genuine food aid...We will see an expansion of the kind of transaction countries want to label food aid," he declared.

This decade would see attempts to bring food and financial aid together and put them under the control of the IMF and the World Bank rather than UN agencies. Only about 20 per cent of official food aid is for emergencies. The rest either supports food for work projects or government programmes by providing food for sale locally with the funds used to support other activities.

Mr Ed Clay, of the Overseas Development Institute, disputed donor countries' definition of food aid. The EC had given more food to Poland than the rest of the world had. But this was allocated from the EC agricultural, rather than the aid, budget.

Thomson VCR production for Singapore

THOMSON Consumer Electronics (TCE), the leading French maker of audio and video equipment, is to shift production of its cheapest video-cassette recorders (VCRs) from Berlin to Singapore, William Dawkins reports from Paris.

The move is triggered by rising costs following German unification and the continuing price war in the 10m-unit-a-year European VCR market, TCE officials said.

It is the latest example of a European electronic group seeking to boost output of mass-market goods in the low-labour-cost countries of south-east Asia.

The move means the workforce at the 1m-unit-a-year capacity Berlin plant will be cut by 250 from 730. The remaining production will be reserved for the European sales of JVC, the Japanese electronics company.

TCE and JVC have had a joint venture, called J2T, producing VCRs in Europe dating back to 1982 when Telefunken linked up with JVC a year before TCE bought the German group.

TCE's Singapore plant, opened two years ago, is run as a joint venture with Toshiba. TCE plans to open by the middle of next year a new VCR plant in Germany, probably at its TV research and development centre in Villingen, to make top-range machines likely to sell in France for FFr5,000 (£500) or more.

TCE's links with JVC are also being reorganised. The French group owns the Berlin plant 50 per cent with JVC, which is now to take a controlling stake in the venture.

By contrast, TCE will take a controlling stake in the new plant, with JVC as minority partner.

They will continue to have equal shares in a French plant making mechanical components for VCRs, while J2T will still be owned 50 per cent by the French and Japanese partners, Thomson officials said.

Venezuela loan

VENEZUELA has signed a loan pact with the Export–Import Bank of Japan letting it borrow up to Y7bn (£30.56m), Stephen Fidler writes. The credit will be used by Petróleos de Venezuela to buy Japanese goods and services, to ensure crude supplies, and expand value-added capacity.

Finns and Estonians in oil venture

NESTE, the Finnish state-owned oil and chemicals group, and Eesti Kutus, an Estonian oil supply company, agreed yesterday to set up Estonian Transoil, a joint venture to build a $50m (£29.5m) petroleum products terminal at Tallinn harbour, Enrique Tessieri reports from Helsinki.

The terminal will have a tank farm with 80,000 tonnes of capacity, in addition to existing storage able to meet local annual needs of 3.5m tonnes. The venture will be controlled 55 per cent by Neste and 45 per cent by Eesti Kutus. Neste said "less than half" the cost will be carried out in hard currency, the rest in roubles. The terminal will store all grades of petrol, diesel, and heavy and light fuel oil, will help Estonia cut its reliance on oil supplies from the Soviet Union. Work starts next spring.

Japan-Soviet barter plan

JAPANESE companies and the Soviet Union are expected to sign a new agreement by the end of the month to barter Siberian timber for Japanese construction equipment, according to the Japan-Soviet Business Co-operation Committee, a Japanese business group, Reuter reports from Tokyo.

Eportles, the Soviet agency which handles timber, and KS Industry, a consortium of Japanese companies including construction machinery maker Komatsu and trading company Marubeni, are negotiating detailed contract terms, he said.

"Final amount and prices of goods are still under negotiation."

It will be the fourth such agreement since 1969.

Police arrest four at Fuji Bank

By Stefan Wagstyl in Tokyo

JAPANESE police investigating an illegal loan scheme involving Fuji Bank, the leading commercial bank, yesterday arrested four people on suspicion of fraud and forgery.

They held two former officials of the bank's branch in Akasaka, Tokyo, who allegedly forged certificates of deposit with a face value of Y17bn ($126m) for the benefit of Marusho Kosan, a property company, which used the documents as fake collateral to secure loans from finance companies. Mr Akira Akagi, the Marusho president, and a former Marusho executive were also arrested.

Fuji Bank sacked the two employees and two others when it discovered illegal loan schemes totalling Y260bn at three branches, including Y257bn at Akasaka.

Similar frauds have been discovered at Tokai Bank, Kyowa Saitama Bank and Toyo Shinkin Bank, a small Osaka bank. Last week a former employee of Saitama Bank, which later merger with Kyowa Bank, was held. Four people have been arrested in the Toyo Shinkin Bank affair.

Chief tries to mend IBJ's reputation

Stefan Wagstyl questions Yoh Kurosawa on how a leading bank lost its grip

MR Yoh Kurosawa, president of the Industrial Bank of Japan, has no doubt about the enormity of the job he faces trying to rebuild IBJ's reputation in the wake of the worst scandal in its history.

"It's not easy to recover a reputation which took 90 years to build. But that's my task. To recover our reputation as soon as possible and as much as possible," he said in an interview.

Mr Kurosawa has just emerged from gruelling parliamentary hearings. He sent his wife and daughter on a European holiday and stayed in a hotel to avoid reporters who were besieging his home.

Mr Kurosawa looked tired from investigations into why it was that IBJ, Japan's most prestigious bank, lent up to Y240bn ($1.8bn) to Ms Nui Onoue, a 61-year-old restaurateur now in an Osaka jail suspected of procuring illegal loans to fund stock market investments.

The scandal erupted a month ago when it was disclosed that Toyo Shinkin Bank, a small bank in Osaka, was on the verge of collapsing after issuing Y342bn in forged certificates of deposit to Ms Onoue. Police say Ms Onoue, who ran up debts of Y410bn, used the faked paper as collateral for loans from other creditors.

Her ties with IBJ date back to 1987 when she invested in the bank's bonds and started borrowing using the bonds as collateral. IBJ group loans spiralled to a peak of Y240bn last autumn, when the bank started reducing its exposure when the stock market weakened. Other lenders stepped into the breach, arguing Ms Onoue's credit had to be good since she was still a client of the top-ranked IBJ.

Mr Kurosawa insisted IBJ did nothing illegal, but said it had been reckless in lending so much money to one individual and careless in failing to spot the forgeries.

According to Mr Kurosawa, the main reason the bank lent so much to Ms Onoue was that she held large amounts of IBJ bonds – Y140bn-worth at one point. In effect, he said, Ms Onoue was borrowing her own money. "The Osaka branch carried out some checks but not enough... We knew in a general way that she was investing in stocks but we did not know how much."

Mr Kurosawa argues that bank staff were carried away by the atmosphere of the late 1980s, when credit was cheap and financial markets were booming. The bank also wanted to expand from its traditional base in Tokyo to Osaka, Japan's second city.

The Osaka branch did ask Ms Onoue where she found the money to invest, since the two restaurants she owned could not have generated the funds she appeared to have at her disposal. "At the time she told the Osaka branch: 'I was the hidden child of some big shot. I got the money from him.'"

"The hidden child of a big shot" usually means either the mistress or the illegitimate child of a rich businessman. But IBJ never established if this man existed, says Mr Kurosawa.

He says he was aware of Ms Onoue as a customer from early 1989. The Osaka branch manager telephoned to say presidents of other leading banks lending to Ms Onoue had called on her. "I am ashamed that IBJ alone has not," said the manager. On his next trip to Osaka, Mr Kurosawa spent five minutes at Ms Onoue's restaurant for tea.

IBJ's contact with the forged deposit certificates did not begin until April this year, when Ms Onoue came into the branch asking for Y30bn of the IBJ bonds held as collateral saying she had to show them to her accountant. Four days later the bonds came back. In May and June the same thing happened, with Ms Onoue keeping the bonds slightly longer each time.

In July she made the same request. The Osaka branch was now suspicious and consulted head office. Tokyo approved the request on condition she offered some other collateral, in addition to land already mortgaged to IBJ. So Ms Onoue arrived with the Y30bn in Toyo Shinkin certificates which turned out to be forged. "We were fooled two weeks before the bankruptcy," says Mr Kurosawa with a wry smile.

Mr Kurosawa is still assessing the costs of the whole affair. By selling the collateralised IBJ bonds, the bank has cut its loans to Ms Onoue to just Y20bn. IBJ Leasing, a leasing affiliate, is owed Y40bn. IBJ has collateral worth around Y10bn in the form of Ms Onoue's property, which

Kurosawa: had tea

leaves a group total of around Y50bn in doubtful loans.

The authorities may also ask IBJ to contribute to a possible rescue of Toyo Shinkin but Mr Kurosawa insists he will inject no new money.

Apart from tightening controls, IBJ is considering what punishments to impose on its staff. Mr Kurosawa says there is a range of sanctions including dismissal, demotion, salary cuts and reprimands. Salary cuts are the Japanese way of showing remorse. "Even Mr [Ryutaro] Hashimoto, [the finance minister] has cut his salary 10 per cent. We may do the same. However, if we do it won't just be my salary that's cut but the whole board's."

Domestic wholesale prices rose by 1.5 per cent in August compared to a year ago, adding further evidence that inflation is coming under control in Japan, Steven Butler reports from Tokyo. Month to month, basis wholesale prices have hardly moved since May. Prices for chemicals, plastic products, *non-ferrous metals* and textile goods fell in the month, while prices rose for steel products and processed food. Import prices also showed further downward pressure in the pipeline.

Pro-China interests win HK seats

By Angus Foster in Hong Kong

CANDIDATES representing business interests and calling for a closer relationship with China yesterday won the majority of 21 indirectly elected seats in the first round of elections to Hong Kong's Legislative Council.

The second round, for a further 18 seats – Hong Kong's first ever direct elections – will be held on Sunday. The United Democrats of Hong Kong, the pro-democracy fledgeling political party led by Mr Martin Lee, is likely to dominate the direct polls.

Yesterday's elections were for 21 constituencies representing business, trade and social service groups. But only nine of the seats were contested and turnout was lower than expected. This raised complaints from the Democrats that the indirect elections are not representative and favour established interest groups.

Mr David Li, chief executive of the Bank of East Asia, and Mr Stephen Cheong, a prominent pro-China industrialist, were among the unopposed councillors. Mr Philip Wong, the pro-China former first vice chairman of the Hong Kong stock exchange, was also returned unopposed. Mr Wong stepped down from the exchange earlier this year after he had admitted receiving preferential allocations of shares under the chairmanship of Mr Ronald Li.

But there were significant gains for pro-democracy candidates. The United Democrats backed two candidates, one of whom was elected unopposed. The other, Mr Cheung Mankwong also appeared set to win the teaching constituency.

Mr Cheung's election would anger China because he supported the 1989 pro-democracy movement in China. Peking has issued a series of veiled warnings in the lead up to the elections that elected councillors should seek "good relations" with China.

The elections mark the start of Hong Kong's slow shift toward democracy. According to a plan worked out by Britain and China last year, directly elected seats will increase to 20 for the next elections in 1995 and to 30 by 2007 when the remainder of the 60 seat council will all be indirectly elected.

Recovery claimed for Australia

Lower than expected unemployment figures published yesterday confirmed that the Australian economy is moving towards a sustainable recovery, Mr John Kerin, the treasurer, said, Kevin Brown writes from Sydney.

Government figures showed that unemployment was unchanged at 9.8 per cent in August.

Indian reforms win IMF support

By David Housego in New Delhi and George Graham in Washington

INDIA yesterday won the formal support of the International Monetary Fund for the first stage of its economic reforms when the the fund announced two loans to India totalling $2.835bn (£1.67bn).

The board of the IMF approved a $635m loan under the IMF's compensatory financing facility which is designed to make up for balance of payments deficits caused by higher oil prices and lower exports. This will directly enter the foreign exchange reserves which had dropped at the end of August to a low $1.1bn – equivalent to about 24 days of imports.

The borrowing is the third drawing that India has made under this facility – providing $1.8bn or almost the total cost to India up to March 1991 of the increase in oil prices due to the Gulf war. By contrast, Pakistan has so far received no such payments – in part reflecting IMF concern over its fiscal deficit and in part US displeasure at its failure to abandon its nuclear weapons programme.

The IMF management yesterday also approved a $2.2bn stand-by credit which will be formally approved by the board of the fund next month. Drawings on this should begin in late October and be spread over the coming year.

The two loans are the first that India has signed since the early 1980s that carry with them acceptance of an IMF programme and thus renewed monitoring of the Indian economy by the fund.

The "letter of intent" – which spells out the conditions India has accepted – commits the country to seeking a further three year Extended Fund Facility (EFF) loan. This could provide a further $5bn-£7bn – but will take several months to negotiate.

In the letter of intent the government has pledged to reduce the budget deficit in fiscal 1991-92 to 5 per cent from 6.5 per cent this year and 9 per cent in 1990-91. Monetary growth is to be brought down to 13 per cent this year compared to a current inflation rate of more than 15 per cent.

The combination of these loans means that India will be one of the largest clients of the IMF in the coming years – thus giving the fund and the World Bank a deep commitment to the success of the Indian reform programme.

Individual donor nations have remained more hesitant, however, leaving India still with a problem in financing the $9.2bn in fresh capital that it will need this financial year to cover the current account deficit and repayments on its outstanding external debt. High risk rating keeps India out of international commercial markets.

Philippines' communist rebels declare a ceasefire

By Greg Hutchinson in Manila

COMMUNIST rebels in the Philippines declared a nationwide ceasefire yesterday in response to opposition by the Manila senate to a US bases treaty.

The National Democratic Front, umbrella organisation of the Communist Party of the Philippines and its military wing, challenged the country's armed forces to do the same and said it was willing to enter into negotiations on a "comprehensive political settlement".

However, a military spokesman said the rebels, estimated to number some 16,000, must lay down their arms before an official ceasefire.

The government of President Corazon Aquino believes a ceasefire and talks would be premature, coming after it has made substantial inroads against the rebel movement.

The government yesterday abandoned the idea of a referendum on the US bases issue, leaving the issue up to the Senate which needs to approve it by a two-thirds majority by Monday for the treaty to be ratified. Opinion polls show strong support for the American presence.

The closure of the US naval base at Subic Bay would put 45,000 Filipinos out of work. Last June's eruption of Mount Pinatubo has already rendered nearby Clark Air Base inoperative, with the loss of a further 45,000 jobs.

US Vice-President Dan Quayle reviews guard of honour in Blantyre with Malawi's President Kamusa Banda yesterday

Fear pervades the 8am commuter train to Johannesburg

THE passengers yesterday on the 8am train from Thokoza to Johannesburg were frightened and bewildered, writes Philip Gawith.

Thokoza, a black township 15 miles south of Johannesburg, has been the focus of renewed violence which has claimed about 100 lives in townships around Johannesburg since it broke out on Sunday.

Most township dwellers prefer to travel to work by train, as the quickest and cheapest means of transport. But now they fear for their lives, with the violence confirming a grisly pattern attacks on trains and at stations.

Mrs Sophie Badis, a dressmaker commuting from the Kwesine station in Thokoza, commented: "Nobody knows what is happening. We are all confused, but we want to live in a quiet country."

Many are hoping that the signing tomorrow of a national peace accord by the three political protagonists, the government, Inkatha and the ANC, will end the violence. But the gap between the negotiating table and the daily life of township residents is enormous.

At Kwesine station there was a triple security presence – police, army and private guards. Despite this apparently formidable display of military might, all train passengers spoken to felt that their safety was far from guaranteed. They said passengers were not searched before boarding and added that a police presence on the train was necessary.

Mrs Badis said: "We're having a terrible time. When I go to work I just think – what is going to happen to my children. I tell them that you can only trust in God. We are frightened and nobody trusts anybody any more."

The violence of the past week is not easily explained. It does not appear, in the first instance, to have been politically motivated, as both the ANC and Inkatha moved swiftly to condemn it and to reaffirm their commitment to the peace accord.

The fact that it took place the week before the peace accord lends credence to the view that it is the work of some "third force" which sees its interests best served by the country's descent into anarchy.

This is not hyperbole. Mr Cyril Ramaphosa, secretary general of the ANC, said earlier this week: "South Africa stands at the very edge of an abyss. These events threaten to push the whole country over the edge, plunging us into a war of immense proportions."

The inescapable reality of township violence is that widespread unemployment and poverty make for a highly flammable social fabric, easily exploited by political deviants or *agents provocateurs*. Given this unpromising foundation, expectations about what tomorrow's peace accord can deliver should not be inflated.

That said, the accord is of considerable significance. At a political level, it is evidence of a desire, on the part of the main political players, to negotiate solutions to the country's problems. In terms of controlling violence, proposed mechanisms in the accord such as a standing committee of inquiry into political violence and a permanent peace commission to regulate conduct of political parties and police are as much as can be hoped for.

Wall Street holds its breath for cut in rates

Fed may act soon to bolster faltering US economic recovery, writes Michael Prowse

IN THE minds of many Wall Street analysts, the question is no longer whether the US Federal Reserve will cut interest rates again, but when.

Some believe poor retail sales figures today could provide a pretext for an immediate easing of monetary policy. Others expect Mr Alan Greenspan, the Fed chairman, to resist political pressure from the White House for a few more weeks in the hope that evidence of stronger economic growth will emerge.

Any move by the Fed, however, is likely to involve a cut in the symbolically significant discount rate, the rate at which the Fed lends reserves to banks. This is because the federal funds rate – the rate at which banks borrow from each other and the benchmark for other short-term rates – currently stands at 5½ per cent, in line with the discount rate.

If the Fed decides to ease, the most probable move would be a ¼ point cut in the discount rate coupled with a ¼ point reduction in the federal funds rate. Such easing would almost certainly trigger a ½ point cut in commercial banks' prime lending rates and lower rates for consumer and business loans.

The growing confidence that the Fed will ease again reflects a recent fading of economic optimism. Nobody had expected a vigorous recovery from recession but even pessimists have been surprised by the economy's recent sluggishness. Analysts worry that the successful conclusion of the Gulf War and the drop in oil prices provided only a temporary fillip for the economy, reflected in strong economic reports during May and June. More recent data have been mixed, raising doubts that the economy can achieve even the 3 per cent growth rate confidently forecast a few months ago.

US NON-FARM PAYROLL EMPLOYMENT
Average monthly change ('000*)

	July 90-Apr 91	May 91-Aug 91	Aug 91
Non-farm payroll	−170	28	34
Government	†−15	−17	−31
State and local	23	−22	−40
Private	−155	45	65
Manufacturing	−80	12	42
Construction	−49	−3	−12
Other	−26	36	35
Services	32	53	57

* Seasonally adjusted. † Depressed by large lay-offs of census workers by the federal government in July and August. Source: JP Morgan

Signs that inflation is well under control have also spurred optimism about interest rate cuts. Core consumer price inflation – which excludes volatile elements such as energy and food – has fallen sharply to an annual rate of under 4 per cent in recent months. That compares with a peak of over 5 per cent at the end of last year. Many forecasters predict inflation of only 3 per cent by the end of this year.

Financial factors also point towards an easing of monetary policy. Mr Greenspan has said publicly that the Fed will pay close attention to the monetary aggregates. Yet M2, the most closely watched measure of broad money, is languishing far below the mid-point of its target range. Between April and July, it grew at an annual rate of only 0.8 per cent, compared with a target of 2½ to 6½ per cent. M3, a broader measure of money, has actually declined in nominal terms. Bank lending is abnormally depressed – even allowing for the impact of economic weakness on loan demand.

Several Fed policymakers, however, are likely to urge caution. In a speech yesterday, Mr Wayne Angell, a Fed governor, pointedly argued that

Greenspan: under pressure

monetary policy should not be used to manipulate the economy in the short run. He said the Fed should concentrate on pursuing "price stability". Several hawkish regional Fed presidents are also likely to oppose early interest rate cuts.

Mr Greenspan's difficult decision is likely to rest on his assessment of weakness in the real economy. Recent indicators have been far from uniformly discouraging. Durable goods orders surged more than 10 per cent in July, although half the increase reflected the volatile aircraft sector. The Purchasing Managers' Index – a closely watched gauge of industrial conditions – rose solidly for the fourth consecutive month. Industrial production has recouped about half its decline during the recession. The index of leading indicators signals continued expansion, as it has done consistently since February.

But sceptics point out that most of the positive indicators relate to the manufacturing sector, which accounts for a relatively small portion of economic activity – about 20 per cent of jobs. This has been cushioned by surprisingly resilient export growth.

Broader measures of economic performance, however, are less encouraging. The latest figures show gross national product contracting by 0.1 per cent in the second quarter – the third successive quarterly decline.

Growth of personal incomes has lagged well behind consumption in recent months. Given high debt burdens and a low savings rate, this suggests the momentum of personal spending will slacken. The weak housing recovery seems in doubt, with sales of new homes sharply down in July.

Labour market data are also discouraging. Non-farm employment did expand marginally in August, but the overall increase since May has been derisory in an economy with 109m jobs. In several sectors, such as construction and state and local government, employment is still contracting. And in recent weeks, claims for unemployment insurance have begun to creep higher, after falling sharply in previous months.

Without a boost to personal incomes from substantial employment growth, analysts worry that a narrowly-based recovery, largely restricted to manufacturing, will sputter out.

Many regard a further cut in interest rates as a sensible insurance policy for the Fed, which now has primary responsibility for steering the economy. Whether Mr Greenspan will buy this argument remains to be seen, but with inflation falling and the monetary aggregates stalled, the risk of overstimulating the economy looks slim.

US wholesale prices rose modestly in August, spurring speculation that the Federal Reserve may soon ease monetary policy, writes Michael Prowse. The Labour Department said the producer price index for finished goods rose 0.2 per cent last month, less than expected in financial markets. Excluding the volatile food and energy components, "core" producer prices also rose 0.2 per cent.

The annual rate of wholesale price inflation fell to 2 per cent compared with 2.9 per cent in July and 4 per cent in January. Consumer price figures due out today are also expected to signal a moderation in inflation.

US bomber short on stealth says air force

By Lionel Barber in Washington

THE troubled B-2 Stealth bomber may not be as stealthy as first thought, according to a US Air Force report delivered to Congress this week.

The classified report states that the B-2 failed to perform adequately in several radar-evading tests. This raises the prospect of further modifications for the B-2 which, at $850m (£503m) per item, already ranks as the most expensive war aircraft ever.

The Bush administration has campaigned strongly for the B-2, arguing that it is a vital component of the US nuclear deterrent. Support in Congress remains uncertain however, particularly after the precipitous decline in the Soviet threat and mounting worries about next year's budget deficit, which is expected to top $350bn.

A Senate bill supports the administration's request to buy four more B-2s, but Democrats in the House of Representatives are determined to kill production of the aircraft, which is built by Northrop. Even the aircraft's supporters describe the Pentagon's plans for 75 B-2s as unrealistic.

Until the latest disclosures about the B-2's radar-evading capability, most of its problems centred on concerns about its engineering, construction and cost. The Air Force said this week that despite the difficulties, it remained convinced of the "fundamental soundness" of the bomber.

Brazil leaders want purge by Collor

By Christina Lamb in Rio de Janeiro

BRAZILIAN political leaders are demanding that President Fernando Collor de Mello purge his administration of corruption in return for their support for a radical overhaul of the constitution.

In meetings with the justice minister this week, party leaders have all insisted that Mr Collor dismiss friends and relatives from his home state of Alagoas who work in the government and presidency, and who are alleged to be using their positions for financial benefit.

Support of the Social Democratic party (PSDB) and the centre-left PMDB, the largest opposition party, is essential to achieve the three-fifths majority required for the constitutional reform known as the *Emendão* to pass through Congress. The government insists the *Emendão* is necessary for it to raise taxes and cut federal spending to avoid imposing a further economic shock package and win approval for a $2bn standby facility from the International Monetary Fund.

A mission from the IMF due in Brasília on Tuesday was delayed a week to give the government more time to gather consensus around the *Emendão* which is now on its 14th version.

On Mr Collor's return tomorrow from a visit to Africa he will have dinner with his arch-enemy Mr Orestes Quercia, leader of the PMDB, who will repeat the demand for a purge of the Alagoas. Faced with a fast deteriorating economic situation and inflation for this month now predicted as 19 per cent, Mr Collor may have to yield.

Dispute brings Toronto's public transport to a halt

By Bernard Simon in Toronto

THE latest in a spate of labour disputes in Canada has brought Toronto's public transport system to a halt, severely disrupting the country's main business centre. Some 8,600 Toronto Transit Commission workers voted by a substantial majority to reject a contract negotiated by union leaders, mainly because it provided too much leeway for the commission to hire part-time workers.

The stoppage is expected to continue at least into next week. The TTC, normally a model of efficiency and punctuality, carries 1.5m passengers a day, second in numbers only to New York in North America.

Meanwhile, business groups are calling on the federal government to introduce legislation to force 100,000 striking civil servants back to work. Although the week-long strike has gained only partial support among members of the Public Servants Alliance, it has disrupted many government services, including customs inspections at the US border and clearance of export grain shipments.

INTERNATIONAL NEWS

Time hangs heavily at headquarters

Richard Donkin on the mood at the bank's offices in Abu Dhabi

THE BANK officer poured one more cup of tea and lit another cigarette at his desk in the Abu Dhabi headquarters of the Bank of Credit and Commerce International. There was nothing else to do. The last stronghold of the BCCI empire has been reduced to a few tiers of bleak, *inactive, open-plan offices* above the sheikhdom's main shopping centre.

Every day at 8am some 500 staff report to work at the central office. Every day they leave at 1pm, then return at 4pm for a further three hours. Few are asked to do anything.

"We get the occasional request from the Touche Ross accountants working for the provisional liquidator, but mostly we do nothing," said the officer, who, like most of his colleagues, used to work at the former London headquarters of the bank in Leadenhall Street, before it moved to Abu Dhabi last year.

The officer is one of the veterans of the meeting from which BCCI was formed. He recalled the day, September 30 1972, when some 50 executives, mainly from branches of the United Bank of Pakistan, were called together in Beirut by Mr Agha Hassan Abedi, their chief executive, for "an important announcement".

All the travel expenses and bills at the elegant Phoenicia Hotel where the meeting took place had been paid for by United Bank. "It was a beautiful time," said the officer, who remembered Mr Abedi announcing that BCCI, which had been registered in Luxembourg a few days earlier, would grow into a global bank with the help of Bank of America taking a third share.

"It had all been worked out, even then," he said. Most of the executives at the meeting were to form the nucleus of the new bank. They included Mr Swaleh Naqvi and Mr Zafar Iqbal, respectively the former and current BCCI chief executives, both now being held for questioning by police in Abu Dhabi.

Nearly 20 years later the executive gazed at his empty in-tray. "I don't expect to find work in a Western bank after this. Who will employ me?" he asked.

The officer said they had been expecting an announcement this month that the central office would close and that 80 per cent of them would lose their jobs. Some believe a decision is imminent. They say that Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi, who, with the government and other institutions has a majority shareholding in the bank, has set a deadline of September 15 for an outline of restructuring proposals.

Abu Dhabi has officially denied any such deadline, and the date seems curious, given the breathing space until December 2 allowed by the High Court in the UK for the drawing up of any serious rescue plan.

The remaining 20 per cent of the workforce expects to move to one of the other BCCI branches in Abu Dhabi or to new premises which might form a platform for a relaunch.

"The sheikh has the means *to restructure the bank.* He would have done so before had the Bank of England not moved against it. That hurt him badly," said one officer.

Making plans: Sheikh Zayed, pictured this week, is said to have set a deadline for an outline of rescue proposals

The surviving BCCI officers do not expect to see any of their senior management, currently being detained for questioning at the Abu Dhabi Police Club, return to the bank. "It would be too humiliating for them," said one of the joint executives, who had himself been held for 24 hours after the initial police raid on the headquarters on Sunday.

Detectives held some officers simply because they did not want other suspects still at their homes to be alerted. All passports of BCCI officers are being held by the local receiver for fear that some of those suspected of aiding any fraud might abscond.

The police officers' club is a large concrete building in a military zone on the outskirts of Abu Dhabi. Its forbidding exterior with a high perimeter fence is designed more to keep people out than in, say locals.

Behind the tall steel gates is a building run on the lines of an officers' mess, with carefully-tended lawns, fountains, and a terrace for the use of members and guests. Abu Dhabi says that the BCCI guests are being well looked after, giving some substance to the euphemism, "helping police with their inquiries".

Even though Abu Dhabi has no experience of large-scale arrests of this kind, the police action appears to have been effective except for the odd case of mistaken identity.

Abu Dhabi officials insist that the action had nothing to do with any other jurisdiction, although only a day lapsed before investigators in the US sparked a flurry of low-key and highly sensitive diplomatic exchanges in an attempt to secure the handing-over of Mr Naqvi, the only one of those held who has been indicted in the US on fraud charges.

In the absence of a formal extradition treaty between the two countries, the US Justice Department and the office of Mr Robert Morgenthau, the Manhattan district attorney, which issued the indictment against Mr Naqvi, are pursuing a joint request for an informal handover. While official Abu Dhabi sources insist that the sheikh would be unlikely to accede to the request, US sources say their initial soundings were more favourably received than they expected.

Given the promise by Mr Douglas Hurd, the UK foreign secretary, that the British government would not block viable plans for restructuring the bank, the mild optimism in the US seemed less misplaced than it might have been a few weeks earlier.

One option for the sheikh – should he consider that a prima facie case could be made against Mr Naqvi or any of his former colleagues – is that they could be charged in Abu Dhabi. Another possibility is that the detained officers may simply be allowed to leave the country after giving their version of the events surrounding the alleged fraud.

The police action has paved the way for a new bank hierarchy. Officials say that Mr Christian Hollander, the only top-tier BCCI executive in Abu Dhabi who was not held by police, will be made chief executive. His role at present however is still far from clear, and it may be no more than a token position since all decisions are made by the provisional liquidators in consultation with the local court receiver.

Abu Dhabi sources are playing down the restructuring plan, but bank officers insist that there has been activity among accountants and consultants employed by the sheikh to examine his options. *In the words of one official:* "Abu Dhabi is swarming with accountants at present."

The restructuring plan is said by BCCI insiders to encompass a bank with a presence in about 10 or 12 countries across the Indian subcontinent and the Middle East.

Whatever may emerge from the sheikh's investigations, bank officers are agreed that the BCCI name will be consigned to the dustbin. "That decision had been taken even before the Bank of England moved in," said one of them.

Touche Ross accountants have been instructed not to talk to the press, but BCCI officers who have been watching them work say they have been making heavy weather of attempts to arrive at the financial position of the bank. "If they would let us help them a little more we could explain a lot," said an officer. "BCCI is not like other banks."

WORLD ROUND-UP

Nominee for CIA to face bank questions

By Alan Friedman in Washington

MR ROBERT GATES, the Bush Administration's nominee to head the Central Intelligence Agency (CIA), is expected to face questions about BCCI next week when he goes before the Senate intelligence committee for hearings on his nomination.

Mr Frank Murkowski, a Republican senator from Alaska who serves as the committee's vice-chairman, disclosed that the issue would come up as he emerged yesterday from a White House strategy session called by President George Bush to discuss the Gates nomination.

The CIA has steadfastly denied having made any illegal use of BCCI since it was revealed in July that the US intelligence agency maintained a series of accounts with the bank that were used to finance covert operations. Among these operations was the use of BCCI branches in Pakistan to finance Afhan rebel fighters, the finance minister of Pakistan said in July.

In late 1988, when he was deputy CIA director, Mr Gates was asked for information about BCCI by Mr William von Raab, then US commissioner of customs. Mr von Raab, who was preparing at the time to announce the first BCCI drug money laundering indictments, has said that Mr Gates was "less than candid" because he failed to disclose the CIA's own use of the bank.

A separate issue that is likely to emerge is how much the CIA knew of BCCI's alleged criminal activities. A 1986 CIA memo circulated inside the Reagan Administration included the agency's view that BCCI secretly owned First American Bankshares, the Washington bank that was chaired until last month by Mr Clark Clifford. But no action was taken by the Federal Reserve on the BCCI/First American matter until just a few months ago.

PERU: Former president Mr Alan Garcia walked out of a congressional hearing, *saying* the panel had already concluded he was guilty of allegations that he enriched himself while in office between 1985 and 1990.

After three days of testimony during which he denied being linked to alleged bribetaking from *BCCI by three former* central bank officials, Mr Garcia protested when the panel said his lawyer would not be allowed to speak or ask questions.

Mr Garcia charged that the panel, appointed by the Chamber of Deputies, had "already *made its decision" about the* allegations against him. He said he would appeal to the chamber for the right to have *his lawyer take part in the* hearings.

However, several parliamentarians said that Mr Garcia is not being tried by the panel and *therefore cannot claim* that right.

Mr Garcia faces accusations that he embezzled at least \$500,000, evaded taxes, was corrupted by accepting a \$9,000 cheque from the United Nations Food and Agriculture Organisation, and falsified documents.

UK: The staff of BCCI and its Abu Dhabi shareholders have made common cause to relaunch the bank.

Ms Runi Khan, joint manager of BCCI's main branch in the City of London, said staff are attempting to map out proposals for a new bank which will be presented to depositors before submission to BCCI's shareholders.

'Roller coaster US truck market means everyone is losing'

By Kevin Done, Motor Industry Correspondent, in Frankfurt

FT CONFERENCE
WORLD MOTOR INDUSTRY

THE HEAVY truck industry in North America was "totally out of balance" and no companies, including the vehicle assemblers, the component makers and the dealers, were able to make a profit, Mr Sten Langenius, chief executive of Volvo Truck, the Swedish commercial vehicle maker, said yesterday.

No company could today safely fund a complete product and component line within the present uncompetitive structure of the industry. "Now the fight is to survive," he told the Financial Times World Motor Industry conference.

Each truck maker in North America had maintained excess capacity and capacity utilisation would be down to around 55 per cent this year.

He said that demand in the North American truck market fluctuated "like a roller coaster". Between 1979 and 1984 more than 50 per cent of the market had just disappeared. "We have seen similar drops several times; it is a real nightmare for production planners and industrialists."

Mr Langenius warned that the industry could not secure funds for product development from sales in North America. "It has prevented the industry *from making any major* technological progress during the past 15 years. Development cycles drag out. When development for environmental and safety legislation has been paid for, there is simply no money left."

Road transport costs in the *US were half the levels in* Europe and the gap to Japan was even greater. "If all this continues, the truck industry in North America will end up selling wheel-barrows," he said.

Mr Langenius said worldwide stricter environmental legislation in combination with tougher customer demands would sharply increase product development costs, forcing a continuing restructuring of the truck industry.

He called for an opening up of the Japanese truck market, where foreign truck-makers scarcely have a presence today, but said that for foreigners the long-term outlook "is most likely positive in Japan".

Mr Junji Numata, Toyota managing director responsible *for Europe, said* the European motor industry needed to make a "stepped up commitment to customer satisfaction", it needed technological advances for the environment, fuel economy and safety, and there had to be more co-operation among vehicle-makers.

Differentials among car-makers were narrowing in terms of vehicle performance and quality, and, as a result, marketing was becoming an increasingly important competitive criterion.

"Competitiveness in this market will depend more and more on building efficient dealer networks and furnishing quality after-sales service. And this is an area with a great deal of untapped potential for enhancing customer satisfaction."

Mr Numata said he perceived "immense potential growth in the European *market", which would grow* from around 18m vehicles last year, including the Soviet Union and eastern Europe, to a 20m market by the end of the decade.

German reunification would create the development of "a huge and vigorous market in Germany", *while the creation* of the single European market would "stimulate economic vigour". Most promising were the impending reductions and unification of taxes that applied to motor vehicles, he said.

Increased co-operation among vehicle-makers was needed because challenges such as the environment, safety and traffic systems called for a response beyond the capabilities of any single auto-maker. "We need to pool our technological resources and our financial resources." Ways should be studied to develop and share common components.

Prof Daniel Jones of Cardiff Business School said there were great dangers and opportunities ahead in the European auto industry, but car-makers had no alternative to adopting "lean" production *and development methods. The* slowest plants and companies would not survive to the end of the decade.

The leading "lean" car producers currently had two-to-one advantages in most aspects of car-making over traditional "mass" producers. The best Japanese car-makers were achieving productivity levels of 17 hours per car, compared with 25 in the US and 36 in Europe, while design and development time for a new vehicle totalled 46 months in Japan, compared with 60 in America, and 58 in Europe.

Lean production no longer depended on its Japanese origins, however, and the relevant competition was now coming from lean plants within each region of the world. He said there was no general problem of over-capacity in the world vehicle industry, only a shortage of "lean" plants and *an over-capacity of traditional* mass production plants.

'If all this continues, the truck industry in North America will end up selling wheel-barrows'

Mr Jurgen Hubbert, Mercedes-Benz car division director, said opinions varied as to the precise figures for how excessive the production costs of special vehicle manufacturers in Europe are. "There can be no doubt, however, that there is a need to shed weight. There is a clear cost gap between Mercedes-Benz, too, and the Asian producers."

He said no one could fail to realise that new premium marques from Asia would seek and find a place in the world luxury car market. "It is highly unlikely that the Japanese will be the only ones to hoist their flag – other nations, too, will attempt to capitalise on their chance in the top segment."

The customers did exist, however, as it could be assumed that real income would continue to grow in the *industrialised countries.*

The number of wealthy households, defined as having an income of \$100,000 (£59,000) to \$250,000, would increase by 70 per cent by the turn of the century.

At the same time, vehicle running costs represented an ever-smaller part of disposable income, leaving more of households' vehicle budgets available for purchases.

Competition would also become far tougher in the luxury car segment and the relaxed atmosphere of certain markets would give way to growing competitive pressures involving manufacturers from all continents in all market segments.

It was no longer possible to overlook the warning signals. "The annual reports in the international automobile industry have shown an average fall in profits of 57 per cent. This is ominously similar to the 50 per cent cut suffered by the profit margins of large German supply firms."

A Strong Partner in Europe's Future

Mr. Joichi Aoi, President, Toshiba Corporation

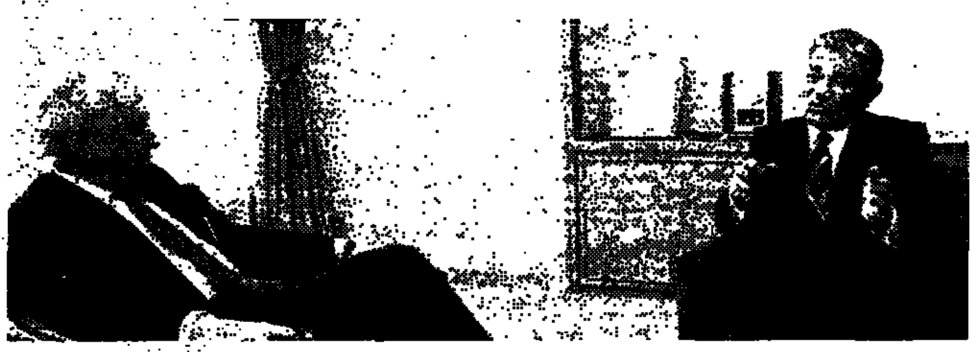
A leader in Japanese electronics, consumer appliances and heavy electric apparatus for over a century, the Toshiba Corporation is positioning itself to become a powerful force in an integrated Europe.

But in this interview, Toshiba's President Joichi Aoi stresses that fair competition with all players observing the rules of free trade is the key to tapping the huge European market for the benefit of all.

By James C. Abegglen

Abegglen: *Toshiba now boasts some 68 subsidiaries worldwide including 35 in Europe. How much do these contribute to Toshiba's total turnover?*

Aoi: Exports from Toshiba itself account for about 30 per cent of our total turnover and if these are divided into our three main markets—Europe, North America and Asia—North America comes first, with Asia closely following Europe which accounts for about 7 per cent of the total. While Asia is surpassing the other two in terms of growth, the strategic importance of Europe is increasing. In addition to exports however, local production of Toshiba subsidiaries worldwide accounts for about 10 per cent of our total sales.



Abegglen: *In terms of investment, which European country is hosting the largest share of Toshiba's offshore capital investment?*

Aoi: In our European operations, we have focussed on three main countries: the UK, France and Germany. But in terms of accumulated capital investment, Germany tops the list. The reason for this lies in the historic development of Toshiba's businesses. In the UK, which is one of the first European countries where we established a production base, we have concentrated on manufacturing colour TVs in Plymouth. A new investment is now seeing the start industrial-use air-conditioner manufacturing, also in Plymouth.

Focussed Investment

In France, we have been expanding production facilities for copiers and their consumables in Martin-Eglise, and are also reinforcing manufacturing operations at our joint venture with GEC Alsthom.

In Germany, we began by investing in the field of semiconductors in Braunschweig and then started to manufacture VCRs in Mönchengladbach and personal computers in Regensburg. As you will realize, the investment in plants and facilities to manufacture these products is large.

Abegglen: *Investments such as these have not gone unnoticed by some European governments and industry groups who complain that Japanese electronics companies want to monopolise the European electronics market. What is Toshiba's response to such allegations?*

Aoi: Japanese electronics companies are not attempting to monopolise the European market for these products. The European market is quite large and there are many highly profitable and highly efficient manufacturers in Europe.

Generally speaking, when Japanese electronics companies enter this market we make every effort to ensure that our entry does not create a surplus in supply which will lead to severe competition in the market. I'm sure you'll agree that this is to everybody's benefit. In this sense, Japanese companies should aim for an orderly European market which allows all companies to develop and prosper together.

Speaking specifically about Toshiba, our policy is to 'harmonise' and not 'monopolise'. We know that there are many large and excellent companies in Europe such as Thomson in France, Philips in the Netherlands and Siemens in Germany manufacturing a wide range of consumer electronics goods, electronic machinery and components. We do not want to generate unnecessary friction with them by our entry into Europe. Of course, in order to become strong Toshiba must compete and in the process of that competition some friction will naturally arise. We should not be afraid of that but we should avoid unnecessary friction.

Abegglen: *How is Toshiba attempting to prosper in harmony with its European competitors?*

Aoi: Over the years, we have formed alliances with several European manufacturers. For example, we cooperate with Nokia in consumer products, and with Telic Alcatel in the facsimile business. Indeed, some of the TV receivers we manufacture in Europe contain picture tubes produced by Thomson and Philips. With Siemens in Germany, we have extended our technology for producing 1-megabit DRAM chips and as a result, Siemens is today one of the biggest suppliers of 1-megabit DRAM chips in Europe. We have also teamed up with Siemens and Harris of the US in the development of semi-customised semiconductors.

One of the issues here is the nature of the capital used to develop the European market for such products. Some believe that only European capital and European technology should be used but I do not agree. By introducing different and unique technologies and production procedures from Japan or elsewhere, the European market will grow and all those participating in that market will grow as well.

Abegglen: *You described the nature of your relationship with Siemens as an "alliance". Why do you prefer this type of relationship and not a joint venture?*

Aoi: Alliances and joint ventures have their own advantages and disadvantages. Some Japanese companies are now less enthusiastic about forming joint ventures with specific partners because their experience has not been good. In Japan we have a saying: "Sharing a bed, but dreaming different dreams". It is difficult if two people try to steer the same ship to different destinations.

The key to a joint venture is sharing a common objective.

As you know, in 1990 we formed a three-way joint venture with Germany's AEG and Thomson in France called Compagnie Européene Pour La Fabrication D'Enceintes A Micro-Ondes, or CEFEMO, manufacturing microwave ovens which has been very successful. Output this year is expected to reach 500,000 units but this will rise to about 800,000 units by 1993.

New Facilities at French Joint Venture

And in March this year, we commissioned new processing facilities for shaping, welding and painting oven body parts which will free CEFEMO from having to rely on supplies of metallic components from other companies elsewhere in Europe.

But alliances are also useful. One of the best examples concerns semiconductors, where the range of functions and capacities available is so large that no single company can supply all types. Therefore, the best way for us is to share our strengths with each other as we did with Siemens. We have strengths and they have strengths and when we establish a base for technical cooperation, an alliance develops.

Abegglen: *In order to quickly establish a presence in some European countries, is M&A a strategy which Toshiba may adopt as other Japanese electronics companies have in the US?*

Aoi: We have been acquiring marketing or sales companies for a long time but very few manufacturing companies. In general, Japanese companies are not enthusiastic about M&A activities.

For Toshiba, we do not view a business as a product which can be simply bought and sold. When we acquire a company, that company becomes part of us and becomes part of our future growth. You must not forget that we at Toshiba have had our own experience of amalgamation. Toshiba established itself as a fully integrated electric/electronics manufacturer in 1939 when Shibaura Engineering Works Co. and Tokyo Electric Co. merged.

Even in a relatively simple amalgamation, it is a difficult and complicated process to integrate systems of human relations. To merge a company is not as simple or easy as many people think. If we are faced with this situation, we will do whatever is necessary but we will do it in a prudent manner.

Abegglen: *I understand that Toshiba has recently established a new R&D facility in the UK. Could you give more details?*

Aoi: It is often said that among Japanese companies basic research is insufficient, and we have areas in which we are strong and others where we need more study for our own sake.

New UK R&D Facility

However, when we conduct research and development, we try to make the results available to people everywhere so that they can be shared for the development of the whole society. For this reason, we established a research facility in Cambridge which qualified university professors manage and where Toshiba's engineers and researchers can also work and learn.

We have a long relationship with the UK in research. Our laboratories receive researchers from the UK under "Toshiba Fellowship Program" scholarships and there is a constant flow of communication about research projects and findings. Although this process began in the UK, we are looking at extending it to other European countries.

Abegglen: *How is pending integration of the European market in 1992 influencing Toshiba's corporate policy for the EC?*

Aoi: I have often been asked the question: "How will we cope with 'Fortress Europe'?". This is a difficult question to answer because the level of technology varies from industry to industry and country to country and you cannot generalise. However, our present policy is simply to manufacture products near the market, based on the needs of that market. So far this strategy has been very effective and if we continue to be successful, it does not matter whether Europe is a 'fortress' or not.

For the future however, we have adopted a prudent attitude. In recent years some dramatic changes have taken place in Europe such as the unification of Germany, and the ramifications of this are still being felt. At the same time, different and conflicting forces are at work in parts of Eastern Europe and the Soviet Union and this will influence the whole of the continent.

We must monitor these developments closely. We must remember that when plans were being formulated for the unification of the EC, the member countries had no idea that two German countries would be unified as quickly as they were or that they would be unified at all, for that matter. How the countries of Europe will adjust to the emergence of a united Germany is a very important issue for the Community.

Abegglen: *What is Toshiba's policy regarding Eastern Europe?*

Aoi: We have not made any investments in manufacturing in Eastern Europe yet. For the moment, we are content with selling equipment and maintaining the equipment we have already sold. We do not have subsidiaries in any Eastern European country although we have been involved in technical assistance projects and plant sales. We have supplied heavy electric equipment for power plants in Bulgaria and Yugoslavia and helped these countries to improve their industrial infrastructure. However, this business is unlikely to expand significantly until economic conditions in these and other Eastern European countries improve. For us, it is better to cooperate with Western European companies who are undertaking projects in Eastern Europe.

Mr. James C. Abegglen, Professor of Sophia University, Tokyo

Abegglen: *Does Toshiba adopt different strategies for different European countries?*

Aoi: As a general rule, it is not efficient to produce similar items such as TV receivers for example in every country. Producing several versions in one location is best. However, the difficulty with Europe is that for one product consumers will have different preferences.

Adapting To Consumer Preferences

In the UK for example, British consumers rank function as most important when choosing an appliance whereas in other parts of Europe, consumers rate appearance very highly. Consequently, different products have to be adapted for different countries. Customer preferences are always changing so we have to adapt to this: it is hard but that is the nature of our business.

Abegglen: *In this adaptation process, is the experience of local management important?*

Aoi: It is almost essential. In the UK for example, local staff were recruited and trained to assume senior management positions from the very start of our operations and in fact our British executives have melded their own management methods with Japanese ones. Throughout our operations in Europe, the managing directors of about 20 of our European companies are local people.

Local Managers are Essential

And of course, managers working for our overseas subsidiaries and manufacturing plants are regularly brought to Japan for training sessions. These sessions, lasting about two weeks and generally for about 20 managers from around the world, are conducted in English. Indeed, meetings with top management staff from overseas subsidiaries are all conducted in English.

Abegglen: *Toshiba presents the company's management philosophy in terms of "Global Corporation, Local Citizen". Can Toshiba become a European citizen?*

Aoi: Our subsidiaries in Europe must become European citizens, otherwise they cannot do business. However, this is common business sense. Companies are a major element in any community and they help to create communities. Naturally, most employees at a plant are local citizens.

This is very important: we are not seasonal workers who return to our own country once our job is done. We have to help create communities by actively participating in community activities, in the same way in which our offices and plants in Japan take part in local activities. To ensure that our employees worldwide can fully understand the company's philosophy, we produced versions of the "Basic Commitment of the Toshiba Group" in 11 languages. The Basic Commitment is a statement of our respect for the people, social mores and business practices in each region; understanding them is indispensable for successfully managing a multinational company.

Abegglen: *Finally, how do you see Toshiba's future in Europe? Will electronics become as politically sensitive worldwide as say the automobile industry?*

Aoi: This is a very difficult question because I can see potential market growth as well as problem areas.

Looking from Japan, the European market could be described as a "mature adult" market and we need to realise the nature of the market when identifying new products and market sectors. For example, our Toshiba lap-top computers were extremely successful in Europe. I would say that Europe "made" these computers for us and it was that success which encouraged us to launch them in the US just one year after they became available in Europe. The European market is large and still has tremendous room for growth, especially in electronics.

However, electronics are inevitably connected with telecommunications and this is a most sensitive area because it is related to national policy. In the case of Japan, the telecommunications industry is regulated by the Ministry of Posts and Telecommunications. The Japanese market is now deregulated and the former sole common carrier, Nippon Telegraph and Telephone (NTT), has been privatised. But the situation in Europe is not so free, and if Japanese companies try to enter this field independently, it may cause friction.

We will take this into consideration as we develop our business.

In Touch with Tomorrow

TOSHIBA

Liberal Democrats promise electoral reform ● Party 'will not' support minority government ● Pledge on 'quality economics'

Ashdown issues challenge to political rivals

By Alison Smith

THE Liberal Democrats will break up the unfair political system and re-build "bombsite Britain", Mr Paddy Ashdown, the party leader, pledged yesterday as he warned Labour and the Conservatives that he would not support any attempt by a minority government to stay in power.

Every vote for the Liberal Democrats would, he said, "be used as a battering ram to bring Britain fair votes and justice in the ballot box". Speaking of a mood of democratic renewal in the 1990s, which had swept through eastern Europe and the Soviet Union, he said that Britain could not be immune.

In his speech at the end of the party's annual conference in Bournemouth, Mr Ashdown set out at length the party's radical plans for "quality economics" in which government powers to manage the economy would be curbed, a more rigorous competition policy enforced and the power of the consumer increased.

He also spelled out the consequences of proportional representation in terms of a more stable democracy in which the economy was not subject to "boom and bust," and there were no abrupt changes of direction.

He challenged Labour and the Tories to say whether they would try to govern if they did not win an overall majority, and said that if they did try they would risk long-term instability for short-term advantage, and show how little they valued democracy.

Calling the 1980s the "decade of demolition," he said that Mrs Margaret Thatcher had failed because she could not build where she had destroyed, and warned that poverty and squalor were undermining social cohesion.

Yet Labour had no vision for the future: "cautiousness, timidity, conservatism – these are reasons why Labour is unfit for government." In his own picture of a successful Britain, he stressed the importance of maximising women's potential.

The most sustained applause came for his call for the private initiative and personal fulfilment of "the selfish decade" to be balanced by a sense of public good.

Without referring directly to the party political broadcast last night by Dr David Owen, the former leader of the defunct Social Democratic Party, in which he called for an all-party coalition of anti-federalist MPs, Mr Ashdown re-emphasised the Liberal Democrat commitment to a federal Europe.

Rejecting fears that Britain would be giving up its sovereignty, he said that "real patriotism is wanting your country to be a part of the new Europe". With a promise not to indulge in attacks on personalities, Mr Ashdown's 50-minute speech contained little of the routine mockery of other politicians which is often a feature of party leaders' speeches.

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Rising from the ashes: Ashdown urges delegates to forget their 1987 electoral defeat and rebuild 'bombsite Britain'

Third forces hopes to score on Conservative rebound

THE best result for the Liberal Democrats in the next general election would be a Conservative victory which drove the Labour party into acceptance of electoral reform.

If Mr Paddy Ashdown, however, is to emerge from the election as the leader of a credible third force then he has to win over disenchanted Tories – thereby making an outright victory for Mr John Major less rather than more likely.

To attract those votes he has to persuade the electorate that support for the Liberal Democrats would not let Mr Neil Kinnock into Downing Street by the back door; that whatever else happens, Labour simply cannot win.

In effect, Mr Ashdown will be asking the voters to risk a parliament where no party has a complete majority. But he cannot admit it. If he does the electorate may decide that minority government is not an option worth voting for.

Such are the awkward contradictions which face the third party in Britain's two-party electoral system. So it was hardly surprising that Mr Ashdown and his colleagues decided the best tactic was to pretend that the dilemma does not exist.

The disciplined sobriety of the week's proceedings could not in the end stifle entirely the speculative forays into a future beyond an inconclusive general election result. What will you do if? is a question that will not go away, as Mr Ashdown himself was forced to acknowledge in his closing speech yesterday.

But the distraction was manageable. The Liberal Democrats had enough to say to give credence to Mr Ashdown's claim that the party was more than a spanner for the voters to throw in Tory or Labour wheels.

At the root of the optimism was a perception among the leadership that the ground is more fertile than ever before for constitutional change. Against the backdrop of upheavals in eastern Europe and the march towards integration in western Europe, calls for devolution, a bill of rights and a more proportional voting system may begin to strike chords with British voters.

The message was that western European nations already have more devolved, open, systems of government and that their newly-liberated counterparts in the east are striving for the same.

In spite of its remarkable rebirth from the ashes of the old SDP/Liberal Alliance, the party still commands the support of just 15 per cent of the electorate. The much-derided Mr Neil Kinnock has at worse 35 per cent and probably closer to 40 per cent.

Its local councillors gave the conference a much steadier, more sober air than many of its predecessors. But there was still the parochialism of a party that can claim only 22 of the 650 MPs at Westminster.

Where Mr Ashdown succeeded this week was in persuading his supporters that the party's perennial demand for proportional representation can now be couched in unselfish terms.

After the "centralising excesses" of three Conservative governments and Labour's ragged retreat from socialism, voters might be persuaded that it was the political system not just the party in power than needed changing: that Britain could not be excluded from the spirit of democratic renewal.

There were Liberal Democrat policies set out alongside the political ambitions. The free-market radicalism of its economic strategy, with its emphasis on enterprise and competition, was blended with a promise to level the social playing field by spending more public money on education.

An independent Bank of England would be charged with anti-inflation policy, but Mr Ashdown promised a "relentless war" by the government against poverty. The fundamental aim would be to balance individual freedom with a sense of the public good.

The delegates who left Bournemouth yesterday seemed convinced that they had at last something to sell on the doorstep during the election campaign. It must be seem odd though after a week of such promises, pledges and predictions, to reflect that the best hope of their eventual realisation lies with Mr Major's return to Downing Street.

Philip Stephens

Government hails slowing rate of unemployment

By Rachel Johnson, Economics Staff

A SHARP slowdown in average earnings growth and the unemployment rate confirm that the recession is coming to an end, the government said yesterday.

In spite of a rise in the jobless rate by 59,200 in August to over 2.4m, the average monthly increase to around 60,000 during the last quarter had dropped by nearly 30 per cent against the previous three months, Mr Michael Howard, the employment secretary pointed out.

Vacancies had risen for two successive months and this week's retail sales figures showed a pick-up in consumer spending. "Taken together, these figures confirm that the recession is coming to an end," he said.

In its quarterly distributive trades survey published yesterday, the Confederation of British Industry (CBI) – the employers' organisation – said retailers' sales volumes were increasing. This underlined tentative signals that an economic recovery may have started, the CBI said.

Unions and the opposition Labour party contested the government's interpretation of the jobless figures, focusing on the fact that they had risen for 17 successive months and were expected to increase long after any recovery got underway. Mr Tony Blair, Labour's employment spokesman, said: "After all the hype about recovery from government ministers, these appalling figures bring us back to reality with a bump."

Unemployment had risen by over 750,000 in a year, which increased the danger of creating a "vast pool of long-term unemployed whose prospects of future employment are very bleak indeed."

Meanwhile, earnings growth in June and July fell at its sharpest rate since the autumn of 1982. The underlying increase in the index of average earnings across the whole economy was 7¼ per cent in July, after 8 per cent in June.

The index stood 2 percentage points below its January level as rising unemployment and the fall in inflation have depressed wage settlements.

To coincide with the official data, the Public Finance Foundation, the research arm of the Chartered Institute of Public Finance and Accountancy, yesterday released the first monthly index of public sector pay. This showed pay in the public sector rose at an annual rate of 9.8 per cent in July, outstripping levels in the private sector.

Riots shake confidence in Tyneside local economy

Executives fear a flight of capital

By Ian Hamilton Fazey, Chris Tighe and Ralph Atkins

THE RIOTS in on Tyneside this week could lead to a flight of capital from problem areas, the chief executive of the area's chamber of commerce warned last night.

Mr Bob Tilmouth, chief executive of the Tyne and Wear Chamber of Commerce, warned that the disorder – which wrecked several buildings – must be curbed by stiff policing and sentencing. "Capital can strike. People eventually give up and go and the problem becomes worse and worse, it becomes a self-fulfilling prophecy."

Businessmen, meanwhile, yesterday condemned the rioting amid concerns that it could affect economic confidence in the region.

The unrest has raised speculation that Tyneside's many 'problem area' initiatives, however high powered, energetic and well meaning, may be only scratching the surface.

Mr John Major, the Prime Minister, and Mr Kenneth Baker, the home secretary, portrayed the riots as the action of a small number of criminals which required firm police response.

Speaking on BBC radio, yesterday, Mr Baker said the incidents were "centred around car crime. It is a relatively small number of people who have got to be stopped."

Mr Alastair Balls, chief executive of the Tyne and Wear Development Corporation, said yesterday its policies had not failed and would prove themselves in time, and insisted that business confidence would survive the crisis.

"It will be impossible to assess the impact of this crisis until it is some months behind us, but I believe it will prove no more than a blip in general progress," he said.

The development corporation has spent about £120m since 1987 reclaiming more than 10 miles of derelict waterside land for a business park, industrial areas and housing and leisure developments.

But every site is hemmed against the river by run-down or deprived neighbourhoods, with typical unemployment rates of between 30 and 50 per cent. Mr Balls admits he is in a race between regeneration and urban decline, but does not accept that he has lost it as a result of the riots.

The riots in Newcastle have been near the riverside business park, the corporation's flagship project. Only a handful of about 800 jobs created in the park so far have gone to local people.

Former SDP leader criticises federalism

By Ralph Atkins

DR DAVID Owen, former Social Democratic Party leader, last night used what could be his valedictory political broadcast to appeal for MPs of all parties to unite against a possible "United States of Europe".

He said the SDP, which is now regarded as defunct, backed Mr John Major's argument that it might eventually be in Britain's interest to have a single European currency, but that it would be for a future Westminster parliament to decide.

Dr Owen, who confirmed last week that he would stand down as an MP at the general election, warned that Britain might need to exercise its European Community veto in December when treaties on economic, monetary and political union are debated.

"If Britain were to adopt a single European currency, accept a common foreign policy, and join a European defence community then there is no question: Britain would no longer be an independent nation," he warned.

Dr Owen was given a political broadcast on the basis of his party's standing at the last general election.

In theory the SDP could be given another during the next campaign, although the other political parties, particularly the Liberal Democrats, may object.

Smith outlines plans for monetary union

By Ralph Atkins

CONVERGENCE among European Community members on a much broader range of economic indicators union than envisaged in proposals from the Dutch presidency is required for successful monetary union, according to Mr John Smith, the Labour party's chief finance spokesman.

Member states must also be able to sustain adequate growth and employment without big trade deficits as well as converging on inflation rates and ensuring currency stability, Mr Smith said yesterday.

For the UK it would require, "a much greater effort to establish long-term industrial strength than has been the case in the last decade."

His speech to a Deutsche Bank seminar in Berlin re-emphasised Labour's belief that, while a single economic currency would bring benefits, European member states are a some way off the ideal conditions for monetary union.

Smith: backs broader union

Mr Smith also expanded on Labour plans for developing Ecofin, the council of economic and finance ministers, as an institution to act as a "political counterweight" to the new European central bank.

Ecofin, whose members would be accountable to national parliaments, could be given a role in the formation of medium-term financial strategy as well as the conduct of exchange rate policy, he said.

Dutch proposals for monetary union, discussed this week by EC finance ministers, foresaw no state entering the currency union until it had met criteria on inflation and budget deficits and had kept within narrow bands of the European exchange rate mechanism.

Mr Smith, however, said his requirements on convergence could only be achieved, "if economies have a reasonable balance in their relative competitiveness".

He added: "The UK needs sustained investment in industrial capacity, in education and training, in research and development and innovation, and in the economic infrastructure."

Mr Smith said EC regional and structural funds had to be enhanced and used to assist convergence. There was also a need for a common framework on industrial policy to work in tandem with the new regional policy.

"If there were growing disparities of income between its [the EC's] regions, we would encounter the heavy social costs of large scale migration," he warned.

BRITAIN IN BRIEF

Matsushita in TV talks with Philips

Matsushita, the Japanese consumer electronics company, yesterday said it was talking to Philips of the Netherlands about the production of television picture tubes in Britain.

The Japanese group said the two companies were trying to reach an agreement under which Philips would manufacture Matsushita's flat-surface, large "Gao" picture tubes. The tubes are between 27 and 33 inches and have a nearly-flat surface. Issues such as quantity, timing, and sales of the tubes are still under discussion.

BTA campaign to woo tourists

A £2.4m advertising campaign to woo American tourists back to Britain is being launched in the US next year by the British Tourist Authority (BTA).

The campaign follows a 29 per cent slump in US visitors to the UK in the first half of this year. Mr William Davis, BTA chairman, said yesterday at the launch of the BTA's annual report that he expected "Americans to regain their enthusiasm for travel".

Theatres to honour tickets

London's Theatres will continue to honour tickets bought through Keith Prowse, the ticket agency now in receivership, beyond the original weekend deadline, but they want to be substantially reimbursed by the credit card companies.

This emerged after more than two hours of discussion between most of the 85 members of the Society of West End Theatres (Swet), representing producers, theatre owners and managers.

It also emerged that Keith Prowse owes £20m to £30m to creditors, including £9m owed to secured lenders.

Scots win ICI power contract

Scottish Power, one of the two Scottish electricity companies privatised earlier this year, has won a contract to supply ICI with electricity estimated to be worth around £20m.

The contract is to supply ICI's Teesside complex, which includes its Billingham, Wilton and North Tees sites in northern England, with close to 1,000 million megawatt hours of electricity.

Labour reviews benefits policy

Britain's social security system should be focused on helping individuals back to work – not on creating large-scale dependency on state welfare benefits, according to Mr Michael Meacher, Labour's social security spokesman.

A Labour government might rename the Department of Social Security "the Family Support Ministry" and extend its responsibilities to include advice on returning to work, Mr Meacher said.

Fort Dunlop, whose red brick bulk signifies Birmingham to the 46m cars which pass it each year on the M6, could be turned into what Tarmac Properties and Richardson Developments call a "glass palace." The companies have applied to transform the building into a £100m office development. How the project will be financed is not clear.

TV operators agree cable link

The big cable television operators in London have agreed in principle to build a fibre optic link connecting the cable franchises in the capital.

The link will reduce distribution costs, make available to advertisers an immediate base of 100,000 cable subscribers and open up new programme opportunities.

'Fame' school for London

Britain's first "Fame" school, inspired by New York's High School of Performing Arts, has opened in south London to give free training to the next generation of actors, dancers and musicians.

Directors in the dark

Non-executive directors of public companies receive too little information about operations to be effective, according to a survey by a management consulting firm.

Merton Associates surveyed 340 non-executive directors at 250 public limited companies to assess the level of contribution they make to effective corporate governance.

Road traffic on increase

Road traffic in the second quarter grew by four cent from the previous year's level in spite of the recession, Transport Department said. Most of the growth came from cars.

Race continues for union post

Nominations for the job of deputy general secretary of Britain's largest union, the TGWU general union, are due to close today and are expected to show that Mr Jack Adams, a Communist party member, has pulled well ahead of Mr Jack Dromey, a close ally of Mr Neil Kinnock, the Labour party leader.

Both the main candidates said they were optimistic about a final win. Mr Dromey – who currently holds the position of TGWU national secretary for the public sector – said he had attracted support from traditional left-wing regions including London and Scotland. Mr Adams said he was satisfied with the figures, particularly since nominations had to be made over the holiday period.

THE PROPERTY MARKET

Cardiff's slow route to regeneration

By Vanessa Houlder

On a dull, wet day, the view of Cardiff Bay from the road above Penarth Haven is deeply unimpressive. Hundreds of acres of grey, slimy mudflats are surrounded by miles of semi-derelict banks enlivened by the odd cluster of new houses and industrial sheds.

Viewing the same scene through the eyes of the Cardiff Bay Development Corporation is a bewildering experience. Its glossy brochures have pictures of elegant quaysides, imaginative architecture, wild flowers and cheerful promenaders.

The promotional material enthusiastically describes a proposed Opera House, an "interactive" science centre, public art, water sports, waterside cafés and a thriving, environmentally-conscious community. The bay, they say, will accommodate 6,000 houses, 9m sq ft of office and industrial sites and 30,000 new jobs.

The £2bn scheme to regenerate 2,700 acres of Cardiff's docklands is second only to the London Docklands as Europe's largest, most ambitious and controversial urban renewal project.

But the differences between Cardiff Bay and the London Docklands regeneration are probably greater than the similarities. The economic boom, the sweeping powers given to the London Docklands Development Corporation and the minimal planning procedures meant that the London Docklands' development went ahead at breakneck pace. By contrast, the Cardiff scheme is taking years to get off the ground.

Even the development corporation now talks about the project taking 15 to 20 years to be brought to fruition, rather than the 10 years that it was expected to take after it was established in 1987.

The slowdown is partly due to the recession which has hit Cardiff, albeit later than the rest of the country. But a more serious reason for the delay has been the difficulty in getting the go-ahead for a barrage to create a 500-acre freshwater lake, which the corporation think would attract developers rather more than the existing mudflats.

Earlier this year, a locally-sponsored private parliamentary bill that proposed building the barrage was talked out by its opponents. The government announced that it would introduce the bill itself, but the measure ran out of time and so did not have its second reading before the summer recess.

Last week, the government confirmed that it intends to proceed with the bill in the autumn. Unless a general election is called, the bill will be reintroduced after the Queen's speech in November. If, however, there is a change of government, the future of the barrage is uncertain. The Labour party does not have an official policy on the proposals, but many of its members are vocal critics.

The barrage proposals have proved intensely controversial on several counts. Leading the critics have been the Royal Society for the Protection of Birds, which wants to protect the mudflats as an important bird habitat. "No other capital in Europe can boast the spectacle of 4,000 wading birds feeding in the heart of the city," says Mr Ian Prestt, director-general of the RSPB.

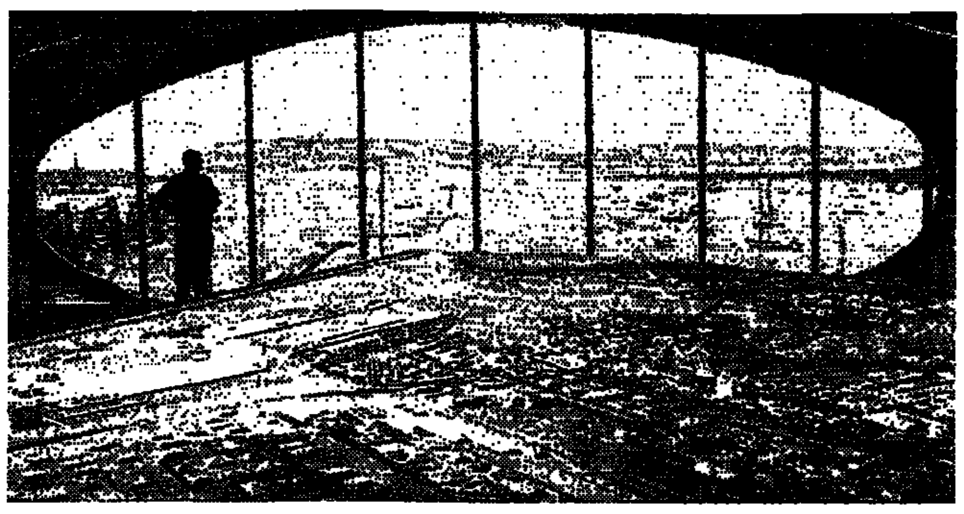
Other critics feel that the barrage's benefits are cosmetic. "There simply must be better things to spend our public money on in regional development for more effective and less speculative job creation," says Mr Rhodri Morgan, the Labour MP for Cardiff West.

But perhaps the greatest obstacle is the concern that the barrage could raise the water table and flood houses. The government has promised further studies into the effect of groundwater.

Although, the development corporation admits that the uncertainty and delays affecting the barrage are frustrating, it puts a brave face on the prospects. "There is no sense of depression about it," says a spokesman. "Don't think that because we are waiting for legislation, nothing is happening. A huge amount of work has been done in terms of preparation of sites and scrutinising plans."

However, the corporation has also had to weigh up its options if the barrage does not get the green light. Some critics argue that the mudflats are underrated and the absence of the barrage will not deter further investment.

The corporation, on the other hand, is less certain. The question of how far developers will be attracted to the area without the barrage is one that it hopes will never have to be tested.



Cardiff Bay present and future: overlooking the bay itself is a model of the 2,700-acre project

CAPITAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to July 91	−9.0	−16.6	−7.8	−11.9
Quarter to July 91	−1.0	−4.0	−0.2	−2.0
Month of July 91	−0.5	−1.9	−0.4	−1.0

Investment Property Databank

Exploit lease terms for a lower rent

The property recession has been a mixed blessing for tenants. While footloose tenants can gain through falling rents and are confronted with a wide choice of empty buildings, many tenants with existing leases feel they are paying over the odds, writes Vanessa Houlder.

But occupiers may have more ammunition than they think, according to Baker Lorenz, the London-based surveyor. It argues that tenants would do far better to exploit quirks in the terms of their lease than to rely on conditions in the property market. It goes so far as to claim that the percentage of rent saved by its clients after negotiation with landlords is little changed through the peaks and the troughs.

Baker Lorenz draws attention to the restrictive user clauses that appear in many leases, which may bring down the rent by as much as 70 per cent. In a case at Chiswick, west London, a landlord wanted a fourfold increase in the December 1989 rent review, which would have increased the rent to nearly £16 per sq ft.

Baker Lorenz advised its client to exploit the terms of the original lease, which restricted the building to light industrial use. Under the 1988 Town and Country Planning Act, industrial premises may be used as offices but a landlord can only charge a rent relating to an industrial use. As a result, the rent was fixed at just £4.68 a sq ft.

Another possible way of whittling down rent is to argue that environmental changes have had a detrimental effect on the area. Baker Lorenz is going to test this argument itself, by claiming that the effect of the London Transport Cross Rail link on Hanover Square, where it is based, will significantly reduce the value of properties and lower their market rental.

Baker Lorenz also urges tenants and their advisers to look carefully at the comparable evidence in the marketplace when it comes to negotiating a rent review. In addition to considering other rent reviews, lease renewals and open market lettings, tenants can point to the trend which is likely to occur in the market place after the effective review date.

The theory of a rent review is to establish the rent which a hypothetical tenant would pay to a hypothetical landlord in a 'real' open market letting.

In the 91 reviews carried out by Baker Lorenz in 1990, it got a 32 per cent average saving on the landlords' asking rents.

INTERNATIONAL PROPERTY

INTERNATIONAL PROPERTY

MANAGEMENT

Telecommunications equipment

New broom sweeps in a cultural revolution

Bernard Simon on Northern Telecom's plans to become a global company

For the second time in a decade, Northern Telecom is girding itself up for a thrust into enormously tempting but perilously uncertain territory.

The last time around, in the early 1980s, the Canadian-owned telecommunications equipment supplier won the industry's respect by storming south of the border to become a leading supplier of computerised telephone switches and transmission equipment to the US regional telephone companies.

That expansion, which saw the US contribution to sales rise from less than one-third in 1978 to 64 per cent in 1984, transformed Northern from a Canadian to a North American company.

It set up offices and factories in the US, including a huge manufacturing complex in North Carolina. Americans started infiltrating the senior management ranks, and it switched its financial statements from Canadian to US dollars.

Now, with revenues climbing above $8bn a year, Northern is aiming for the top league of the global telecommunications business. *Its £1.3bn* acquisition of STC, the British electronics group, earlier this year, new ventures in Poland and Hungary, cellular phone contracts in Mexico, and new factories in the Far East are among the obvious signs of broadening horizons.

Paul Stern, Northern's chairman and CEO, is also giving the company a vigorous internal shake-up.

Franck Koelsch, partner of Transition Group, an information systems consultancy which numbers Northern among its customers, says that Stern is "really trying to generate a cultural revolution from a technology and engineering company into a marketing company, and from a Canadian-American company into a global company".

Stern, an opinionated American who took over the reins at Northern in March 1989, has not the slightest doubt that the latest foray will be enormously successful.

The jury is also still out on the changes the new CEO is making inside the company. Stern (52), a physicist by training, has swept a wide broom through Northern since coming out of early semi-retirement to take control.

He spent two years as a consultant to a number of US institutes and foundations, following a spell as the first president of Unisys, the now-troubled US computer company.

The title of Stern's book on his career and management philosophy "Straight to the Top" gives a clue to his style. While he emphasises that the well-being of his employees is his over-riding concern, Stern also has a reputation as a hard-driving executive who knows exactly what he wants and is determined to get it.

"He rules with an iron fist and there's no question who's at the helm," says Koelsch. Stern has been known to walk out of an office if its occupant answers the phone while they are talking. He is also a stickler for punctuality.

Stern justifies his approach by noting that "wherever I've worked, my organisations have won. Most people like to be with a winner, but to win is tough. You've got to drive."

He let it be known early on at Northern that he disapproved of the empire-building and back-stabbing which was long a notorious feature of its corporate culture. "I have trouble understanding someone who rejoices *in a colleague's failure,*" he says.

Teamwork became one of the criteria in setting senior managers' bonuses and several layers have been cut from the management structure.

Several North American factories are being closed to eliminate duplication between production in the US and Canada. A growing slice of Northern's products is likely to be sourced from outside North America, especially the Far East. Stern predicts that by further squeezing costs, gross margins could climb by up to five percentage points over the next few years.

The new CEO has also brought in plenty of fresh blood, mostly from the US. His right-hand man, Ed Lucente, was in charge of IBM's Far East marketing. The new chief financial officer, Michael Mand, came from Du Pont. The vice president for communications, Larry Speakes, was President Ronald Reagan's press secretary.

Several senior executives, including Stern, now keep two offices, one at Northern's head office in the Toronto dormitory suburb of Mississauga, the other outside Washington DC.

Before Stern's arrival, Northern was organised in three main groups: Northern Telecom Canada, Northern Telecom US and Northern Telecom World Trade. The US and Canadian units took responsibility not only for sales in North America, but also for the bulk of the company's manufacturing capacity.

NT World Trade was essentially an international marketing arm; as a result the overseas salesforce often found itself an afterthought to North American product requirements.

A restructuring put in place last February is designed, says Stern, to encourage "truly global thinking". Research, manufacturing and engineering have been taken out of the hands of regional managers. These activities are now handled by three new global product groups, each with its own president reporting to Stern. The three groups cover public networks (cable, switching and transmission), private networks (office systems), and cellular and radio products.

Northern arrived late in the cellular business, and is now working hard to catch up. The four geographic units, with responsibility for the US, Canada, Europe and the Far East, now stick to marketing. What was once STC *is now an* integral part of the European group.

Now, says Stern, "the country general manager in, say Japan, knows that although the plants in Canada and the US are far apart in miles, the people there are worrying as much about him as about the others". He is searching for other ways to encourage managers to think beyond their national boundaries.

Several teams, each comprising five senior executives, have been given specific "globalisation" projects. They include an examination of career development in a global context, manufacturing competitiveness, and the value of international staff meetings.

In each case, group members have been told to find out what Northern can learn from other companies, even those in different industries.

Ambitious though he is, Stern has drawn some firm boundaries on Northern's growth. He has no intention, for instance, of following AT&T and numerous other telecom companies into the computer industry.

Northern itself burnt its fingers in data processing ventures in the early 1980s. It plans to sell its 20 per cent interest in the British computer group ICL, which was acquired as part of the STC deal.

"As long as I am at Northern Telecom, I promise we will not go into the computer business," he says. "All those who have tried it before have failed. The markets are different; the politics of marketing are different."

Northern has close links with a telephone operating company. Its controlling shareholder, BCE, also owns Bell Canada, the country's most powerful telephone utility, which has played a key role in Northern's growth by channelling many of its juiciest orders to its sister company. Bell remains Northern's biggest single customer.

The two companies also share ownership of Bell-Northern Research, Canada's biggest private sector R&D operation. But Stern insists that Northern and Bell deal with each other at arm's length and he says Northern will not acquire or willingly be acquired by a telephone operating company. "We have a practice of not competing with our customers," he asserts.

There are certainly some encouraging signs for Northern. Its sales outside North America, which made up only 6 per cent of total revenues before the STC deal, jumped by 48 per cent in 1990. Thanks to STC's contribution, BT (formerly British Telecom) is now Northern's second biggest customer after Bell Canada.

Northern made an important breakthrough this summer in the German market, one of its prime overseas targets, with its first sale of an intelligent network to the Bundespost. Sales of corporate PBXs in France have picked up significantly. It still seems too early, however, to endorse fully Stern's sunny assessment of the future.

Stern himself acknowledged when Northern published its second-quarter earnings in late July that world telecom markets are "extremely competitive".

While earnings climbed by 11.3 per cent to $106.5m in the three months to June 30, the increase was largely due to the inclusion for the first time of STC.

The global strategy is likely to increase rather than lessen the competitive pressures. Michael Arellano, senior analyst at Northern Business Information, a New York-based research group, notes that some of the key markets being targeted by Northern Telecom, such as Germany, have entrenched national suppliers.

"You're going to find a lot of political resistance to giving large amounts of business to foreign competitors," he says.

Paul Stern: disapproved of empire-building and back-stabbing

Making complexity more coherent

Simon Holberton on the failure of quality circles

British managers became aware of quality when they realised that the Japanese were killing them in the market place. As logical people they asked how the Japanese were doing it.

Some thought it had to do with the way Japanese companies organised shop floor work. They noticed that the Japanese had put shop floor workers together in teams called "Quality Circles" (QCs) and these managers decided British companies could succeed if QCs were introduced.

Stephen Hill, a reader in sociology at the London School of Economics, shows in a forthcoming study* that there was another group of managers who saw that responding to the Japanese challenge involved deeper thinking about organisational structure than simply adopting QCs – something more radical was needed. Today this all-embracing management tool is called total quality management (TQM).

Hill's study seeks to find why QCs failed in Britain in the 1980s and why TQM might work. His analysis of QCs' failure is still relevant today: many companies want to change themselves, but their effort is half-hearted and displays a failure to think through all the issues.

According to Hill, in the late 1970s and early 1980s British companies sought to solve two problems by introducing QCs: to improve employee relations; to reverse the uncompetitiveness of British manufacturing – ambitious aims.

"It was hoped [they] would increase job satisfaction, stimulate personal growth, lead people to identify more with the quality of their own work and the managerial objectives of higher quality and efficiency throughout the company, and so increase employees' sense of involvement in their firms."

His work with a number of UK companies which introduced QCs in the 1980s shows that, noble as those aims were, by the end of the decade they had failed to win over sceptical shop floor workers who had elected not to participate in circles, and that circles encountered quite vigorous opposition from middle managers.

The problem, Hill says, is less one of managerial attitudes and culture than the inherent limitations of QCs and the way they were introduced. "In essence, circles disrupted managers' lives for small returns and created an organisational complexity that confused existing structures; middle management had no reason to make them work."

Hill calls this organisational complexity "dualism": QCs co-existed with the company's normal bureaucratic organisation and hierarchical authority. Thus middle managers found themselves in two structures; while their position in the hierarchy allocated responsibility to managers for overseeing circles it denied them authority over them. Membership of circles was voluntary and managers could not determine who joined them; circles determined their own agenda and were not obliged to heed managers' priorities.

The failure to overcome dualism and integrate QCs into their mainstream of managing was one of several reasons given by Hill's informants about the apparent lack of commitment to the programme by top managers. Others were: the absence of appraisal and rewards sanctions; and the poor calibre of circle "facilitators" – they were either too young or seen to have reached their career limit.

Some of Hill's subject companies moved from QCs to TQM as a result of their problems with QCs alone. He claims that TQM avoids the problem of dualism "by integrating quality management into existing structures". But, an appropriate design was found to be more than just the right structures, systems and procedures. "The companies found that they had to contend with backsliding and less than full commitment among certain middle and senior managers."

Hill offers the proposition that "top management will increase the likelihood of a successful outcome to planned organisational change, in this case the cultural shift required by quality management, when it finds ways to align this with the self interest of individual managers".

British Journal of Industrial Relations, vol 29, December 1991.

LEGAL NOTICES

JBJ CHAIRS LIMITED (IN ADMINISTRATIVE RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Cork Gully, Shelley House, 3 Noble Street, London, EC2V 7DQ, on 17 September 1991 at 3.00 pm for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

a) they have delivered to us at the address shown below, no later than noon on 16 September 1991, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

please note that the original proxy signed by or on behalf of the creditor must be lodge at the address mentioned, photocopies (including faxed copies) are not acceptable.

Dated 30th August 1991

R M Addy
Joint Administrative Receiver
c/o Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

CHESTERIM LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above named company will be held at Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ on Monday, 7 October 1991 at 11.00 a.m. for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to me at Shelley HOuse, 3 Noble Street, London, EC2V 7DQ, no later than 12 noon on Friday, 4 October 1991, written details of the debts they claim to be due to them form the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with me any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Dated 5th September 1991

COMPANY NOTICES

CANADIAN PACIFIC LIMITED

At a meeting of the Board of Directors held today, a quarterly dividend of sixteen cents (16c) Canadian per share on the outstanding Ordinary Shares was declared, payable on October 28, 1991, to holders of record at the close of business on September 27, 1991.

BY ORDER OF THE BOARD,

D. J. DEEGAN
VICE-PRESIDENT AND SECRETARY
BANFF, ALTA., September 9, 1991

ARTS

'The Dining Room, rue de Calais', 1915, by Vuillard, currently in Glasgow

Vuillard the intimiste

At the outset of his career, Edouard Vuillard made a meticulous study of Chardin. As witness, *the first exhibit* in the new monographic show at Kelvingrove Art Gallery, Glasgow, is the Chardinesque *Still-life with Hare*. The larder shelf with dead game, apples and pitcher, and muted tonal harmonies of soft earth colours, are typical of the master's still-lifes of the 1730s. Moving through this exhibition, his abiding affinity with the 18th century painter becomes increasingly obvious.

Vuillard's unassuming subject matter is purposely restricted to the familiar. Like Chardin, he felt little need to venture far from the sanctuary of the domestic domain. Although colouristically, compositionally and technically daring, he was too instinctive a naturalist to do more than flirt with the arbitrary colour and radically simplified form pioneered by Gaugin.

An exhibition devoted to Vuillard's interiors – his most familiar works – toured the US in 1989/90, marking the 50th anniversary of his death. Hot on its heels came a more comprehensive retrospective seen in France and Spain. This latest offering organised by the South Bank Centre is the first major public show of Vuillard in Britain since 1948 when the Arts Council presented a joint show of Bonnard and Vuillard at the Edinburgh Festival. It focuses on the artist's early and mid career, and on Vuillard as a painter of landscape as well as interiors.

The thematic rather than chronological hang emphasises the consistencies of his oeuvre. In each of the sections oils are shown beside lithograhs, and works in pastel, ink and brush, pencil, charcoal, and colle – a glue-based distemper that became his favourite medium. The familiar rubs shoulders with the unknown.

Vuillard was labelled an "Intimiste" almost from the start. His canvas was the reassuring ordinariness of home and family life. Home for him was a sequence of modest Parisian apartments dominated by the grave presence of his muse, his mother, with whom he lived until her death in 1928. A family meal, a quiet corner, Mme Vuillard embroidering or arranging her hair, brother Alexandre ill in bed attended by a doctor: all found their way into Vuillard's art. They are not so much his subjects, however, as points of departure.

"Madame Vuillard Sewing" seems to be a pretext for an exploration of the effect of bright sunlight penetrating a room through a wide open window. With its tones of grey and warm buff, which typically exploit Vuillard's favoured cardboard ground, the interiors of the Danish painters Hammershoi and Holsoe seem not so very far away. The chiaroscuro is more dramatic when the barely visible Mme Vuillard is painted in bed by candlelight.

Home is the ultimately convenient canvas. Within its walls Vuillard was able to work on defying pictorial space in order to bring the competing patterns of a modern "Artistic" interior to a highly decorative surface. Paradoxically, he also evolved a means of retaining the illusion of space. Depth in rooms or landscapes is invariably articulated by the angles of rugs or open doors, or where walls meet floors or ceilings.

Unsurprisingly perhaps, Vuillard turned out to be something of an armchair landscapist too. Exchanging the crowds of Paris for the country during the Universal Exhibition of 1900, he developed a taste for painting landscape. He seemed perfectly content to record what he saw from his windows at l'Etang-la-Ville, or at the various summer retreats his friends were to take for the summer. His indolence suggests the relative unimportance of motif: any room with a view – and he preferred peopled landscapes and gardens just as he preferred figures in his interiors – afforded intriguing enough relationships of form and colour.

Vuillard has always been admired for the infinite subtlety of his colour harmonies. He could also be a sensual colourist. In an early work dated 1889, he builds up a picture of a family dinner in emotive acid green. Figures and faces are summarily treated, the latter harshly distorted by the shadows cast by the overhead lamp. The bread is directly lit, represented by a succulent slash of salmon pink paint. In "The Manicure", a similar bravura splash of pigment unexpectedly dazzles the manicurist's shoulder. Vuillard typically conceals the activity of the scene by choosing a viewpoint behind the client's back.

Elsewhere there are thrilling juxtapositions of hot reds and russets, and the pale, chalky and matt colours of the colle sketches. Flat, muted or bold complementary tones combine with his eye for the pattern of natural effects and unusual viewpoints to make the lithographic suite, *Landscape and Interiors*, one of the artist's finest achievements.

Vuillard's reputation has no doubt suffered because he chose to produce sensitive, decorative, easily accessible and perennially appealing images. This rewarding exhibition is ample proof of his humanity and enduring appeal, and that these quiet images belie a career of constant experimentation.

Vuillard: Intimiste de la Belle Epoque continues in Glasgow, sponsored by Whyte & Mackay, until October 20, then on to the Graves Art Gallery, Sheffield, October 26-December 18, and at the Van Gogh Museum, Amsterdam, January 9-March 8, 1992.

Susan Moore

Curse of the Starving Class

THE PIT, BARBICAN

After the quiet charm of Thornton Wilder's *Our Town* at the Shaftesbury, here by coincidence is another slice of American family life presented by the Royal Shakespeare Company. Sam Shepard's *Curse of the Starving Class* is set in one of the poorer, but developing parts of California, not too far from the Mexican border. This is life in the raw, although the wounds are largely self-inflicted.

The white family involved are not poor, or so they keep telling you, but "somewhere in between". They have two cars, some land on which the speculators have their eyes, and the daughter goes to a school which requires a uniform. They are hungry mainly because of an ability to get round to buying anything much to eat.

A huge refrigerator is a prominent part of the set. It is nearly always empty, but that does not stop the family almost ritually opening and closing it to check. Sometimes they even talk to it. The father, played by John McEnery, is an alcoholic.

"Starving" is thus a metaphor: apart from the food, it is never quite clear what they are starved of. Perhaps it is simply that the American Dream fails to live up to expectations. That explains the "curse" as the reverse side of the dream.

The play contains a great of shouting: indeed the text demands it – some of it is written in block capitals. There is an act of urination on stage, which some people will not like. A lamb is taken off stage to be slaughtered, though the skinned and bloody corpse is brought back, so don't say you have not been warned that this is not *Our Town*.

For my part, however, I found that my interest was sustained throughout. True, the property sharks in so far as they appear are simply cyphers. But the family of four – father, mother, son and daughter – have sufficient differences, and also similarities, between them for the interplay always to be fascinating. All of them except the son, who is unambitiously content where he is, are looking for something that they don't have. I should add that it ends in tears, to put it mildly.

Shepard was an actor before he was a playwright and is much influenced by jazz, modern American art and cinema. His *Angel City* was shown at the small Grove Theatre in London W10 last last month. The style is refreshingly casual – extending to frying eggs on stage – despite some of the intensity of *Curse*.

As a venue, The Pit is ideal. McEnery has an especially strong scene playing the father when drunk. Susan Fleetwood is the mother, George Anton the son and Alex Kingston the daughter. An unhappy family, they play remarkably well together.

The direction is by Robin Lefèvre and the set, by Kenny Miller, captures the mixture of outdoor and kitchen life that is essential to a household at the end of the line.

Malcolm Rutherford

Alastair Muir

Susan Fleetwood: mother of the unhappy family

The Sleeping Beauty

SADLER'S WELLS

The ideals that have inspired the creation of Moscow City Ballet are worthy. A young ensemble, with a complement of largely youthful dancers, it offers a staple diet of the traditional repertory to audiences, ever eager for such delights. That, in the process, the company's artists may become fed up to the back teeth with yet another *Swan Lake* or *Giselle* is, I suppose, an occupational hazard. More serious is the fact that a self-perpetuating routine is established whereby the public is led to believe that "ballet" means this same round of sacred texts – a fact all too apparent in Britain, where triple bills, innovative creations, are often viewed as box-office poison.

The immediate problems with the Moscow City offerings are two-fold, and they were plain to see in *The Sleeping Beauty* which opened the troupe's London season. Visually the staging is pauper-ish, as haplessly flimsy and improvisatory as amateur theatricals. The chasm between Soviet and Western theatre design was never harder to cross than when viewing the gold and lace knickerbocker suit worn by the King, or the tinsel gleam of sketchy scenery that served obstinately for each act.

On Tuesday night these infelicities framed mimed performances as mechanical and unlikely as any I have seen. No dancer finished a variation but the gaggle of watching courtiers gestured dainty nothings to each other. No artist, save Lyudmila Semenyaka, the guest Aurora, conveyed belief in the dignity and power of the choreography – and certain variants in the text (notably the scamperings by the Fairy cavaliers) were not to be excused by the crowded circumstances of the Wells stage, onto which *Beauty* fits as into a strait-jacket.

We do not expect Kirov or Bolshoy authority in such a presentation, but *Beauty* is not to be so diminished in effects as to seem a parody of itself, and this the design and uncertain performance manner achieved. Because of Semenyaka, the central truth of the ballet was, however, clear to see. She is an ideal Aurora, by training, artistic inheritance, temperament and physical gifts. Petipa's harmonies are reflected in a no less harmonious placing of her body. Lightness and clarity of style, ravishing modulations of *contraposto*, give savour and meaning to pose and step. Her dance intelligence traces Aurora's story through richly varied technical nuance, from the tender Princess of the first act to the serenely joyful bride of the last adagio, by way of the flawless academicism of the vision scene. It is classical dancing of the rarest distinction.

About the rest of the performance I record with pleasure that Natalya Yakovleva was an impressive and dignified Lilac Fairy, that the corps de ballet of dryads were disciplined and pleasing, and that under Alexander Vedernikov the score was honourably treated.

Clement Crisp

La Bohème

COLISEUM

Sixteen further performances of English National Opera's revival of its 1977 *Bohème* are scheduled into November, with major cast changes promised at the midway point. The revival is clearly an important box-office factor in the company's autumn plans, and perhaps one could have expected more care and energy in its presentation than was obvious at Wednesday's opening.

Jean-Claude Auvray's staging was always plain and unexceptional despite Monloup's finicky sets, but in the past it could be energised by vigorous acting and decent, attentive singing. This time it has been re-rehearsed by Julia Hollander, and given a new lighting plot by Paul Taylor, but it is hard to determine just what the new team has added. There was nothing on stage that could not have been devised unaided by the native wit of an experienced cast, except perhaps the portrayal of some of the extras, the guard at the Barrière d'Enfer most of all, as refugees from a long-lost production of *House of the Dead*.

Yet the lethargy was just as much musical as dramatic. The conductor is Guido Ajmone-Marsan, making his ENO debut by plodding through the score with little or purpose to his phrasing, and each dynamic at least one notch too high. With more encouragement from the pit Vivian Tierney's *Mimi* might have thrived, even if she looks too wholesome and, it has to be said, too robustly English much of the time. Her performance came to life just as she died: the final phrases were beautifully placed in a spell-binding *mezza voce*. Her Rudolph is another newcomer to the Coliseum, Joseph Evans, who though he looks plausible enough is stiff, unconvincing and consistently harsh toned.

In normal circumstances Lesley Garrett's wilfully over-the-top Musetta would have been all too much; here it came as a blessed injection of vitality into the second act, and Alan Opie's clear-thinking saw him through a perfectly decent Marcel. The remainder of the Bohemians seem more or less competent, while Eric Shilling's cameos as Benoit and Alcindoro were so indistinguishable I thought for a moment the production had come up with a new textual twist. No such luck: a dispiriting evening.

Alastair Muir

Joseph Evans and Vivian Tierney

Andrew Clements

Two Promenade concerts

ROYAL ALBERT HALL, RADIO 3

The last of the Proms commissions for 1991 was introduced on Tuesday in the BBC Symphony Orchestra's programme with Andrew Davis. Hugh Wood's Piano Concerto proves not to be at all the dour, intensely serious argument that his previous concertos, for violin and cello, might have suggested, but a positively extrovert three-movement piece, full of meaty, flamboyant solo writing marked with an insistent jazzy tang.

In the most superficial journalistic shorthand the concerto could be characterised as twelve-note Ravel. The sonata-form first movement follows a jagged, explosive opening with a reflective, bluesy second subject, and even when the music unfurls the kind of chromatic line one recognises from Wood's earlier music, its intensity might be mitigated by a sensuous horn call, a fondly turned woodwind solo or an outburst of Messiaen-like piano chords.

The variations that make up the central movement support the piano's added-sixth tinged stream of consciousness on a web of luminous orchestral lines until the theme wells up to the surface, first in the strings. It turns out to be the 1920s perennial "Sweet Lorraine", and then the piano can reveal its pristine form, in a Bill Evans-like meditation.

The concerto was written for Joanna MacGregor, a former pupil of Wood at Cambridge. She give this premiere with wonderful gusto, turning the episodes of the final rondo, propulsive and languorous by turn, into a gallery of swiftly sketched character pieces. It is an attractive, rewarding concerto, and its exuberance and technical challenge clearly owes much to her example.

Andrew Clements

If, as the BBC man announced, the Albert Hall was "packed" for Wednesday's Prom concert, the reason was surely not so much the all-Mozart programme as Mitsuko Uchida's participation in it. She played the D minor piano concerto, K. 466, with gleaming purpose and huge dramatic flair. Conducted by George Cleve, the English Chamber Orchestra, kept up nicely, as far as one could tell – the BBC microphones, understandably, favoured the piano.

Later the mezzo sang two Mozart concert arias with her usual limpid integrity, and a merry third one in brittle soubrette tones. On the operatic stage Miss Murray can be a charming comedienne, but by itself the voice never betrays a natural twinkle. After the arias came the "Jupiter" Symphony, where Cleve took a strongly up-tempo view of the outer movements; the experiment just about came off, though his players sounded more hustled than convinced.

The novelty of the evening had come first, the American Robert Levin's "reconstruction" of the Sinfonia Concertante with four solo winds, K. 297B. The version that has come down to us, with oboe, clarinet, bassoon and horn, has long been known to be inauthentic; not only did the original quartet include flute, rather than clarinet, but the orchestral material is somebody else's dubious work.

I began listening with the standard Eulenburg score in hand, but it became clear at once that that exercise was pointless. Levin has jettisoned the old orchestral score altogether, and "reconstructed" the little concerto – considerably shorter now – from the solo parts alone. And those have been radically redistributed among the players: there could never have been any question of simply re-assigning the "clarinet" part to the flute, but Levin has gone much further. The players take turns with phrases that used to stay on a single instrument, and some of the reassignments demand unexpected virtuosity.

It was fascinating to hear. There were places where the flute, as the new leader, sounded slightly insipid where we're used to an oboe – and can Mozart really have had a horn-player capable of these extravagant new flights? (Here, Frank Lloyd certainly was: he even threw in a higher major third at the top of one.) It will all take getting used to, but it was eminently worth doing.

David Murray

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The 34th annual Warsaw Autumn contemporary music festival - one of Europe's most important new music events - opens next Friday, with a programme balanced equally between East and West Europe.

Foreign visitors this year include the South-West German Radio Orchestra, whose second concert on Sep 22, conducted by Matthias Bamert, features Gyorgy Ligeti's Violin Concerto and works by Szymanski, Lachenmann and Nono. The Camerata Bern will play new music from Switzerland on Sep 23, and the BBC Singers will present choral works by George Lloyd, Alexander Goehr and John Casken on Sep 24. York Höller's Piano Concerto will be performed at an orchestral concert on Sep 28, and the German String Trio will give the first performance of Krzysztof Penderecki's String Trio on Sep 29. The closing concert includes music by two Polish composers associated with the festival since its inception - Tadeusz Baird and Witold Lutoslawski, who will conduct three of his own works (310607).

The main operatic interest of the coming week centres on Stockholm, Bielefeld and Chicago, each of which has its first premiere of the season tomorrow. The Royal Opera, Stockholm, is reviving Gustav Vasa, one of three Swedish operas by the German-born, Italian-trained composer Johann Gottlieb Naumann (1741-1801). The cast includes Nicolai Gedda.

Bielefeld marks the Meyerbeer 200th anniversary with a German-language production of L'Africaine, staged by John Dew. Not content with just one premiere, Bielefeld adds a second on Sunday - Grétry's musical fairy-tale Zémire et Azor (1771), a co-production with Houston Opera. Chicago's Lyric Opera opens its season with Boito's Mefistofele, in the acclaimed production (already seen in Geneva and San Francisco) by Robert Carsen, with Samuel Ramey in the title role.

The main feature of the Royal Danish Ballet season is a new production of A Folk Tale, for which Queen Margrethe II will be creating the decor. The production receives its first performance in Copenhagen next Friday, in a staging by the company's director, Frank Andersen.

Lyon's first Biennale of French Music (Sep 19 - 29) offers a fascinating survey of orchestral and instrumental music of the past 250 years. In the opening concert, John Eliot Gardiner conducts works by Méhul, Cherubini, Boieldieu and Berlioz. There will also be two staged performances of Berlioz's Béatrice et Bénédict, a concert of Varèse, Milhaud and Messiaen, and a two-piano recital by Martha Argerich and Alexandre Rabinovich.

EXHIBITIONS GUIDE

BASLE

Kunstmuseum Swiss Drawings 1800-1850: a selection of the best work of the period, in which Swiss artists were searching for their own path between the Romantic school in Paris and the circle of German artists in Rome. Ends Oct 27. Also 20th century drawings from the Burckhardt-Koechlin Foundation, including work by Picasso, Alberto Giacometti, Modigliani, Dubuffet, Ernst and Beuys. Ends Dec 8. Closed Mon

Museum für Gegenwartskunst Emanuel Hoffmann Foundation 1980-90: recent acquisitions by Basle's major patron of modern art, with work by Beuys, Nauman and many others. Ends Nov 25. Closed Mon

BERLIN

Agyptisches Museum Twilight of the Pharaohs: an exhibition reuniting the collections from East and West Berlin, and celebrating the discoveries and research of the 18th century Egyptologist Jean-Francois Champollion. Ends Oct 20. Daily

Altes Museum (Gemäldegalerie) Rembrandt: the biggest exhibition ever mounted of the Dutch master's paintings and drawings, taking into account latest research on attribution. 50 unquestioned Rembrandt paintings are on view alongside 40 others now reattributed to his pupils. There is also a parallel showing of etchings. Ends Nov 10. Closed Mon and Tues

Schloss Charlottenburg Imperial Art from the Dutch Exile of Kaiser Wilhelm II: paintings, sculpture and artefacts, including silver and furniture from the time of Frederick the Great. Ends Sep 29. Closed Mon

Schloss Köpenick Rosenthal porcelain: a collection of work by one of the leading early 20th century German porcelain manufacturers, tracing developments in design from Jugendstil to the 1940s. Ends Jan 5. Closed Mon and Tues

BIELEFELD

Kunsthalle Picasso's Surrealism 1925-37, with more than 100 paintings, drawings, watercolours, prints and sculptures from the artist's surrealist period, drawn from public and private collections around the world. Ends Dec 15. Closed Mon

BONN

Rheinisches Landesmuseum John Heartfield: centenary retrospective of the Berlin-born photo-montage artist, known for his life-long Communist beliefs. Ends Nov 3. Closed Mon

FRANKFURT

Schirn Kunsthalle Picasso, Miro, Dali and the origins of modern art in Spain: an exhibition, mounted with the help of the Museo Nacional in Madrid, tracing the development of Arte Nuevo from 1900 to 1936. Ends Nov 10. Closed Mon

LONDON

Royal Academy The Pop Art Show: the icons of Pop from London and New York in the 1950s and 1960s, with work by Hockney, Rauschenberg, Warhol, Jasper Johns and many others. Ends Dec 15. Daily

Tate Gallery Turner's Rivers of Europe: The Rhine, Meuse and Mosel. An exhibition focusing on Turner's tours to the Low Countries and the Rhineland in 1817, the 1820s and 1830s, including many little known watercolours, some of which are on public view for the first time. Oil paintings, sketchbooks and colour studies are included, as well as engravings after Turner's designs and a series of 60 small gouaches on blue paper. Ends Jan 26. Also William Blake: 150 watercolours, drawings and engravings from the Tate's fine collection of work by the English visionary poet and painter. Ends Nov 2. Daily

Victoria and Albert Museum Schinkel: A Universal Man, an exhibition devoted to one of the greatest classical architects of the 19th century, with paintings, architectural drawings, furniture, sculpture and silver from the Schinkel archive in Berlin. Ends Oct 27. Also Postmodern Prints: an exhibition of 50 objects by international artists, aimed at encouraging an assessment of the conflicting versions of Postmodernism. Ends Oct 27. Daily

NEW YORK

Metropolitan Museum of Art Neo-Impressionism: the friends and followers of Georges Seurat. An exhibition of 70 paintings, drawings and prints by Pissarro, Signac, Matisse and others, drawn from the Museum's own collection. To be followed next week by a major Seurat retrospective, mounted with the help of the Musée d'Orsay in Paris. Ends Jan 12. Closed Mon

Museum of Modern Art Guillermo Kuitca (b1961): an exhibition of recent works by the Argentine artist whose imagery includes beds, stage sets, floor plans and road maps. Ends Oct 29. Also Lee Friedlander: Nudes. A selection of 50 photographs of female nudes ranging from intimate portraits to abstract figure studies. Ends Oct 8. Closed Wed

Whitney Museum of American Art Hunt Diederich: figurative Hunt Diederich: figurative sculpture and drawings by a long-neglected early 20th century artist. Ends Sep 29. Also John Baldessari: retrospective of 22 years of work by a pioneer of conceptual art. Ends Oct 20. Also American Life in American Art: the 20th century American experience as seen in paintings and sculptures from the permanent collection. Ends Nov 10. Closed Mon

PADUA

Museo Eremitani From Bellini to Tintoretto: 260 paintings by Italian artists of the 15th and 16th centuries. Ends May 92. Closed Mon

PARIS

Jeu de Paume Jean Dubuffet: The Last Years. More than 100 paintings and 90 drawings by the founder of Art Brut, dating from the period 1974-85. Ends Sep 22. Closed Mon

Musée d'Art Moderne El Lissitzky: 200 works, many lent by the Tretiskov Gallery in Moscow, offering a retrospective of the Russian constructivist (1890-1941), who was a major figure of the avant-garde at the time of the 1917 Revolution. Ends Oct 13. Closed Mon

Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musee d'Orsay and Versailles

ROTTERDAM

Museum Boymans-van Beuningen Perspectives: a survey of architectural painting in the 17th century, comprising 64 paintings from public and private collections worldwide. Among the artists represented are Pieter Saenredam and Hans Vredeman de Vries. Ends Nov 24. Also Bruce Nauman: a travelling exhibition of his complete prints, assembled from an American collection, together with ten sculptures from Dutch collections. Ends Oct 6. Closed Mon

STUTTGART

Galerie der Stadt Otto Dix: a major retrospective marking the centenary of one of the towering figures of 20th century German art, renowned for the bitter realism of his portraits, brothel scenes and visions of war. The exhibition brings together more than 350 paintings from galleries and private collections around the world. Ends Nov 3. Closed Mon

VENICE

Fondazione Cini From Gaudi to Picasso: 160 exhibits, including sculpture, paintings and drawings, by leading Catalan artists and architects of the late 19th and early 20th centuries. Ends Nov 24. Closed Mon

VIENNA

Albertina Italian drawings: 150 works from the Albertina's own rich collection, ranging from the late Middle Ages to the 18th century. Ends Nov 3. Daily

WASHINGTON

National Gallery Innovative Art from Graphicstudio: a survey of 90 prints and sculptures produced during the past two decades by 24 American contemporary artists at the Graphicstudio workshop in Florida. Ends Jan 5. Daily

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The future of Europe

THE COLLAPSE of communism in the Soviet Union, entailing as it does the virtual disappearance of the Soviet Union as such, was rightly described by the British prime minister yesterday as one of the most dramatic revolutions of the 20th century. Coming on top of the withdrawal of Soviet power from east-central Europe, it transforms the environment in which the European Community has evolved. That does not mean that the EC's evolution should be arrested, still less reversed. It does mean that it has to rethink its priorities very carefully in the light of the new circumstances.

Today, in the first of an occasional series of leading articles analysing the implications of this change, we consider how far the EC should aspire to expand into the vacuum left to its east by the rout of communist power and the dismantling of the communist economic system. Further articles will discuss the institutional structure required by this expansion, the extent to which the EC should involve itself in questions of defence and security, the transitional arrangements to be made with future member states, and the future relations of an enlarged EC with its global partners.

Looking east

AS SUGGESTED in Mr John Major's thoughtful speech yesterday, it is becoming a matter of some urgency for the EC to consider where it wishes to draw its eastern frontier. In this context, it is no good talking about a Europe "from the Atlantic to the Urals". That formula may be useful in regulating the deployment of troops. But it is not helpful when it comes to defining membership of an interstate organisation, because the Urals are not a frontier between states; not even between Soviet republics.

Whatever parts the Soviet Union divides into, a Russian state will remain, with most of its population and industry on one side of the Urals but most of its territory and natural resources on the other. This state will continue to be a potential if not an actual superpower, with an essential role to play in European security – comparable in that respect to the US which is also a European power by origin and culture, but also stretches right across another continent.

No sensible person in Europe wants to make an enemy of either superpower. But the European Community must be something smaller and more closely integrated than a vast free trade area stretching from Vancouver to Vladivostok. It is an attempt by the small and middle-sized states of old Europe to get together so as to be able to deal with both the US and Russia (and Japan, and eventually China) on something like equal terms. If either superpower became a member of it, all the other members would be dwarfed.

The question is how many of the countries in east-central Europe – the broad region between Germany and Russia – can be incorporated into a European Community friendly to, but separate from, Russia.

Potential members

It seems to have become generally accepted that those countries which were not part of the Soviet Union should be regarded as at least potential EC members. They were associated with Russia by force, not by choice, and it would be wrong for western Europe to force them back into such an association against their will. Now the same logic is being applied to the Baltics, which are "a special case" because most EC members never recognised them as *de jure* part of the Soviet Union. It is true that they were part of the Russian empire before 1917, but then so were Poland and Finland. Their historic cultural links are with Germany and Scandinavia, and the Scandinavian countries feel a special responsibility for them. If Sweden and Finland join the EC, the chances are that they will bring the three Baltic states in their wake.

One must suppose that Moldova will be another special case, if its Romanian-speaking majority realises its aspiration of reunion with the mother country, from which it was severed in 1940 as a result of the same Nazi-Soviet pact that enabled Stalin to swallow the Baltics. But it seems very questionable whether the EC would be wise to hold out even long-term hopes of membership to any other Soviet or ex-Soviet republics.

To do so would look like an attempt to influence their choice in favour of separation from Russia, not only politically but economically. That choice would be neither in their interest or that of the rest of Europe; and the Russians would deeply resent any western European attempt to woo them away.

Ukrainian sovereignty

This would be especially true in the case of Ukraine. Clearly Ukrainians want to assert their political sovereignty and this is now accepted and recognised by the Russians. But it seems unthinkable that Ukraine with its large Russian-speaking minority and its close economic and historical ties to Russia, could become part of an economic and political union centred on western Europe, from which Russia was excluded.

The problem of the Transcaucasian republics is rather different. They were incorporated into the Russian empire only during the 19th century. Association with them is not of such great emotional significance, and only of marginal economic importance, to most Russians. But they are even further away from western Europe than Ukraine, and in Tsarist times were not thought to be in Europe at all.

On the other hand, all three of them have common borders with Turkey, which has long been accepted as a European country and is a candidate for full EC membership. The problems involved in this candidature remain formidable, given the size and rate of growth of Turkey's population and the wide cultural and economic differences between it and the present EC members. Yet Turks may well question whether these problems are really greater than those involved in expanding the Community to include east-central Europe and the Balkans, and the importance of Turkey to European security was highlighted by its role in the Gulf war. A positive attempt to overcome the issues dividing Turkey from the EC is required, keeping the door open to full membership if they really can be overcome.

The integration of Europe's eastern end into the Community will certainly take at least a generation. But a positive commitment to achieve it is necessary, to create the climate of confidence in which the problems of the transition to democracy and market economics can be tackled.

Radical party

BRITAIN'S Liberal Democrats *cannot hope to win the next* election, but they must now be taken seriously as a party that offers a radical alternative to the programmes put forward by the Conservatives and Labour. That was made clear at the conference which ended in Bournemouth yesterday. It is a considerable achievement for a faction that, just three years ago, struggled to emerge from the rubble of the former alliance between the old Liberal party and the short-lived Social Democratic party.

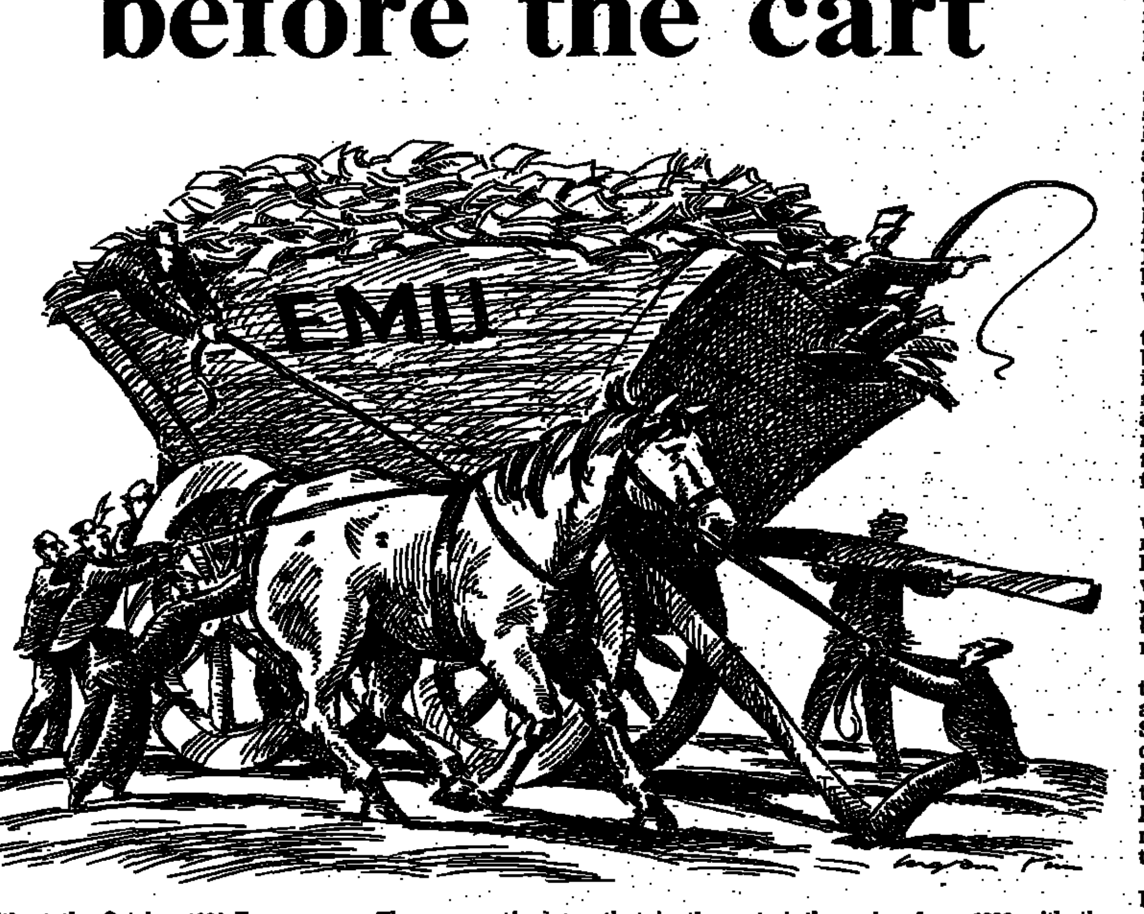
Much of the credit must go to the party leader, Mr Paddy Ashdown. When he took office the Liberal Democrats stood at 5 per cent or less in the polls. They have since won important by-elections. They now have 21 MPs, 3,500 local councillors, and the support of upwards of 15 per cent of the voting public. At Bournemouth its members showed a sense of purpose and self-discipline that was rarely present in the old Liberal days.

More to the point, they recognise the market as the driving force of the economy. They seek to make its workings more transparent, partly by extending competition. Their proposals on constitutional reform are aimed at dispersing power and introducing checks and balances into Britain's inchoate system of government.

Not all is rosy. Some of the party's social policies are still tainted by an apparent belief that public authorities are necessarily benevolent. Its European federalism, which out-Delors Delors, looks anachronistic at a time when looser forms of confederal union are coming to be preferred. Yet considered as a whole the party's stance is not unattractive. Both Labour and the Tories would do well to take note.

New Dutch proposals on economic and monetary union have speeded up the talks, write **Andrew Hill** and **Peter Norman**

The horse is back before the cart



Old Brussels hands have always had a sneaking regard for the way the Dutch handle European Community affairs.

And this week the Netherlands, as present holder of the EC's rotating six-month presidency, has shown its mettle on the vexed issue of European economic and monetary union (Emu).

A so-called "technical paper" tabled by the Dutch presidency at the end of last month has brought uncertainties about the direction of economic and monetary union to the surface, but it seems also to have quickened the pace of negotiation.

While a casual observer might think the debate on Emu in recent days has generated more heat than light, important issues and taboos have been flushed out into the open.

"What we needed at the moment was more clear positions," said one Dutch finance ministry official after a meeting on Monday of the EC's Intergovernmental Conference (IGC) on monetary union. "The Luxembourgers (who presented the last draft Emu treaty during their presidency in the first half of this year) did a very good job, but made their texts rather foggy. We needed to be a little clearer."

The Dutch initiative has brought the debate on Emu back to the fundamental issue of whether the Community should progress towards union on the strength of the increasing convergence of the member states' economic performance – the so-called bottom up approach – or whether there should be a "top-down" imposition of structures and deadlines.

In a Community where agriculture is still accorded great importance, such concepts can be described in terms of horses and carts. The Dutch draft, representing an evolutionary plan, can be seen as one in which the horse has been put before the cart. Rival institutional schemes – and indeed the European Monetary System when it was set up in 1979 – are more redolent of the cart being put before the horse.

Almost as significant, the Dutch have managed to produce a document on Emu that has even left the British government clucking with satisfaction. This alone represents a remarkable achievement given that two and a half years ago, the then UK chancellor, Mr Nigel Lawson, was threatening to block any move to union.

The draft from the Hague – although officially termed a non-paper, and seemingly disowned late on Monday by Mr Wim Kok, the Netherlands finance minister who is also current chairman of the monetary union IGC – has also aired the question of whether Emu should develop at two or more speeds more explicitly than any previous EC document.

"It was the first time that an EC paper had stated from the very beginning that there would be two groups," said an Italian official, making clear that future drafts will have to try to reconcile the two camps.

The Dutch document was roundly abused by the southern EC member states in Monday's meeting of the IGC and has attracted critical comments from countries that support it. The European Commission has also described some of its proposals as politically unacceptable.

But it probably represents an intellectual break in the debate over Emu. It could mark an end to the ascendancy of the concept of an institutionally driven union.

This "federal" approach – with its emphasis on the creation of a European central bank at an early stage of Emu and the setting of a strict timetable for achieving union – gained the upper hand from April 1989 after publication of the Delors report outlining a three-stage progression to Emu – from the present European Monetary System, through integration of monetary policies, to adoption of a European central bank and single currency. It probably reached its zenith at the October 1990 European Summit in Rome when Mrs Thatcher was "ambushed" with an agreement which most member states chose to interpret as providing for the European central bank in stage two of monetary union from 1994.

The Dutch paper, by contrast, contains no firm date for the full or third stage of union and talks of a more embryonic European Monetary Institute for stage two of Emu, and a central bank for those countries which graduate to full union in stage three.

Above all, it stresses the importance of economic convergence among EC member states before they progress to Emu. For these reasons, it won Germany's outright support and backing from Britain in Monday's meeting.

The paper stipulates that in the planned review of Emu's second transitional stage in 1996, member states should only qualify for the final third stage of union when they have met a series of stiff conditions (see box).

"Emu on a Community scale without first fulfilling the objective criteria [for union] is something which would be economically unsound," explained a Dutch official.

But the conditions caused a furore because they implied that Italy and Greece would not be able to join the union at the same time as the fiscally sound, low-inflation EC northern states. These indications of a "two-speed Europe" were borne out by a suggestion in the Dutch paper that a minimum of six EC countries could start the union from 1996 with the others joining later. Although they were not named, it was clear that the six would be Germany, France, Denmark and the Benelux countries.

Despite the criticism, the Dutch paper is not destined for oblivion. The Netherlands is already preparing a formal draft treaty on Emu for submission before the end of next month. Belgium is taking some of the immediate pressure off the Dutch by preparing its own version of the text for discussion an informal meeting of finance ministers in Apeldoorn, in the Netherlands, at the end of next week.

The Dutch are adamant that the weaker economies should push for greater convergence with their stronger counterparts, but they have already sought to soothe the southern states. Immediately after Monday's ministerial meeting Mr Kok expressed his aversion to a two-speed Europe and argued that the group of 12 should stay as "tightly knit together as possible" in advance of monetary union. He said he favoured offering the economic laggards derogations from the strict conditions.

Mr Kok's comments sounded suspiciously like an attempt to have his cake and eat it. Officials at the finance ministry in The Hague admit there is "a grey zone" between derogations and the two-speed approach. But under a system of derogations, as defined by the Netherlands, the economic laggards would not join a common currency and would retain autonomy in monetary policy.

Dutch attempts to forge a consensus from Monday's more fluid discussions will be helped by the fact that France – which had been expected to ally firmly with the southern states against the Dutch paper – did not take sides. Indeed, although Mr Pierre Bérégovoy, the finance minister, favours agreement by all 12 EC states, French officials in Brussels say warlike alliances and strong statements would not be useful at this stage.

Belgium believes it can draw together the opposing camps, headed by Britain and Italy, partly by proposing that at least a majority of member states should go through to the third and final stage of Emu. The Dutch minimum of six countries for stage three was too small a "superleague" for the liking of the southern states.

Perhaps more important, Belgium would like to relax the strict economic conditions suggested in the Dutch technical paper, and hopes to weld the sluggish and go-ahead economies together in stage three of Emu by giving them a joint say in the running of a monetary union.

It is unclear whether such a dilution of the Dutch plan would be acceptable to Germany or to Britain. Such a change could bring other objections to the fore. One German fear, eclipsed in Monday's debate, was that the proposed European Monetary Institute could open the way for national treasuries to influence monetary policy in the Community.

The UK is also cool to parts of the Dutch draft. The UK Treasury does not like the inclusion of January 1 1994 as the starting date for stage two in the plan, has reservations about stage three being initiated by as few as six nations, and fears the EMI could undermine national control over monetary policy in a stage when union has not started.

However, the Belgians believe the EMI has a part to play in an eventual refinement of the Dutch paper. They believe it could be absorbed into the central bank as the stronger economies moved to stage three. "That way, one would create an inter-institutional climate which would be much more favourable to the non-participants [in stage three]," explained a senior Belgian official this week.

Such a compromise would, the Dutch hope, dispel fears of an institutionalised two-speed Europe. Although the Dutch seem happy their unofficial draft has aroused such debate, they now admit it represents one extreme of the Emu discussion.

On the other hand, there is little doubt that political posturing has added to the heat generated over Emu this week. Dutch officials claim that when their paper was first discussed among the bureaucrats preparing the IGC, it only attracted drew hostile comment from Greece.

This may help explain why there is a quiet confidence in The Hague that the formal draft treaty, that they will put forward next month in good time for December's European Council summit in Maastricht, will not differ too much from this week's "non-paper". If that turns out to be the case, the European monetary cart will be back behind the horse on the road to union.

Proposed conditions for economic convergence

1. A high degree of price stability, apparent from a level of inflation close to that achieved by the member state with the best performance on prices.
2. A sustainable government financial position, which is apparent from budget deficits that are not deemed to be excessive.
3. Currency within normal (2.25%) fluctuation margins of the European Monetary System's exchange rate mechanism for at least two years without devaluation against any other member state's currency.
4. A close approximation of comparable interest rates relative to those member states with the best performance in terms of price stability.

Source: Dutch technical paper on Emu

OBSERVER

Royal salute

■ *There's nothing Britain's* establishment likes better than putting on a pukkah British show. So, as the Queen is by far the longest-serving Western head of state, next year's celebration of her 40 years on the throne be exactly right.

It is not a jubilee, so too much pomp and circumstance wouldn't do. Moreover, the little problem of the Queen's freedom from taxes means that *asking the population to dip* into its pockets via a massive money-raising appeal might strike the wrong chord.

Nevertheless, Corporate Britain will be expected to do its part, and any cash left over after the various national and local events, will go towards something of "lasting benefit" to the country.

The celebrations are the idea of former media man turned venture capitalist Robin Gill, who rather surprisingly doesn't rate an entry in Who's Who. Thanks to him, the Royal Anniversary Trust has been established, Buckingham Palace has given approval, and the party political leaders have been asked to ensure the great and the good are available for public duty.

George Younger, who managed Mrs Thatcher's infamous final re-election campaign is chairman, and Willie Whitelaw and Merlyn Rees will be expected to see the message gets through to the shires and inner cities. Barclays' Sir John Quinton is in charge of fund raising, backed up by Lloyds Bank's Sir Jeremy Morse.

Right, chaps. Get on parade!

Popping up

■ As expensive glossies like Business and Mirabella crumple in the recession, up pops the Modern Review, launched today as a highbrow paper of mass culture from Barthes to Bart Simpson.

It could even survive. Fashion PR Lynne Franks and Peter Wallis, partner in wacky management consultancy SRU (alias Peter York, inventor of the Sloane Ranger) are principal shareholders. Editor is the youthful Toby Young, and Julie Burchill is director.

The business plan is a minimalist masterpiece. Staff work for free, the product is printed on cheap newsprint and distributed by Time Out.

Issue one certainly upholds the review's faith that popular culture makes history.

There is an article on western rock music's role in the collapse of communism in the Soviet Union. It reveals that Boris Yeltsin listened to Presley's Are You Lonesome Tonight while walled up in the Russian parliament during the coup. Purveyors of such nuggets deserve to thrive.

Puffing Paddy

■ You'd never know it from the clean-cut public images emanating from the Liberal Democrats' *conference* in Bournemouth, but their leader Paddy Ashdown does have a vice. He smokes cigarettes.

How embarrassing it is to his PR puffers is shown by the brusque removal of a man who was standing behind the party leader at one of his photocalls this week. The man is a veteran anti-smoking campaigner who knows the secret, and is determined to "out" it if given the chance.

Even so, Ashdown's addiction does not much enrich the big tobacco companies – or not directly, at least. "His favourite brand is other people's," confided an underling in a smoky seaside bar.

Conversion

■ Time was when Grant Baird, the Royal Bank of Scotland's invigorating chief economist, supported the Scottish National Party whose ambitions include a full-scale Scottish Embassy in Brussels. Now, his political ardour cooled, he is going there to head what is *in effect a Scottish* representative office.

It won't undermine the pukka representation UKREP, through which the government's Scottish Office will continue to deal. But with other regional areas of Europe opening offices in Brussels, the Scottish Enterprise development body is following the herd, and Baird has long since abandoned dreams of being the first governor of Scotland's central bank.

"I'm looking for a studio flat in a police no-go zone."

False economy

■ British rail-travellers wanting to feel their blood boil should watch the commercial break during The News At Ten tonight. Except in the TVS south-coast region, it includes the first screening of the latest ad for InterCity train services.

Like earlier Saatchi & Saatchi productions for British Rail, the ad oozes smugness from every pore. Against a backdrop of high-speed trains bizarrely draped in black silk *and flying national flags*, a voice tells us: "It's a fact that, here in Britain, with the launch of the new InterCity 225, we have more trains going at over 100mph than any country in Europe. Just thought you ought to know."

No, we oughtn't. Translate 100mph into Continental speeds and it becomes 160 km/h, an arbitrary cut-off which just happens to favour BR. *Almost any other cut-off* higher or lower, would have put other countries in the lead.

The ad also insinuates that Britain has Europe's fastest trains. False – while a lot of BR's trains may occasionally touch 100mph, none of them compares with France's TGV or the German IC Express, either for top or average speeds.

It is an expensive way of economising with the truth. Can't somebody stop BR from publicly preening itself until it can honestly advertise what travellers really want: trains that turn up in the first place and get them where they want to go on time?

Ascot gamble

■ With little more than a fortnight to go before the biggest event in British racing – the Brent Walker Festival at Ascot – the organisers are exhibiting remarkable sangfroid. With the chief sponsor teetering on the edge of receivership there is a chance that some of the winners of the £1m prize money may have to take their place in the queue with the rest of BW's creditors.

The festival will go on regardless insists Nick Clarke of the International Racing Bureau. The nice Lord Kindersley, rather than the rough George Walker, promises that he will be presenting the trophies whatever happens. The prize money may be another matter.

Stirrings of life in the east

David Goodhart and **Andrew Fisher** on the difficult economic transition still faced by east Germans

There is now plenty of evidence to suggest that the east German economy is close to reaching the end of its two-year free-fall. Far riskier to predict is when it will bounce back with sustained growth.

The good news first. A growing number of politicians and economists in west Germany are "calling the turn" based on the stabilisation of unemployment, industrial order and industrial production indicators, and forecasts of 10 to 15 per cent growth in the construction, trade and transport sectors next year.

Some of those indicators are not very reliable. Industrial production was 5.4 per cent higher in June than in May (although still 37 per cent lower than the third quarter of last year), but a 10 per cent increase in industrial orders in June is distorted by a clutch from the Soviet Union, and unemployment is hidden by short-time working and the growth of make-work and training schemes, many of dubious worth.

The number of genuine full-time jobs in east Germany is likely to be no higher than 4.5m at the end of this year compared with 9m at the end of 1989 and the DIW economic institute calculates that during the same period the annual hours worked will have dropped from 8.9bn to 4bn.

The jobless have a living standard closer to those in west Germany than any other east German group

But as Mr Kurt Biedenkopf, the prime minister of Saxony, points out, east Germany is adjusting from a labour market participation rate of 90 per cent of the adult population to something closer to the west German level of 65 per cent. He adds that people in east Germany have, contrary to some fears, mostly accepted the need for temporary unemployment levels of about 30 per cent (including short-time working) and quotes poll evidence which shows there is now a much higher level of optimism about the future in east Germany than in west Germany. In his own state of Saxony, 70 per cent are optimistic about the future. In east Germany as a whole, the figure is 62 per cent, compared with only 42 per cent in west Germany, according to the latest Allensbach polling organisation's findings.

Thanks to the huge transfer payments this year (about DM150bn – £51bn) from west Germany even most of the east German unemployed are better off than they used to be when working. Indeed, the unemployed have a standard of living closer to their west German counterparts than any other group in east Germany.

That may not prevent some ugly scenes this winter as rising rents and prices start to pinch and more closures in problem sectors such as chemicals, shipbuilding and electronics push unemployment over 1.5m. (The increase in unemployment in July, after a one-year job security agreement in the engineering industry ran out, was smaller than expected but mainly because of the rise in job creation schemes).

Nevertheless, as anyone who has recently visited east Germany's scaffolding-shrouded towns can attest, there is at least a palpable feeling that reconstruction is now under way. That was scarcely the case six months ago. It is also a great deal easier to telephone into and out of east Germany than it was six months ago, which is helping to erode east Germany's sense of separation.

However Mr Carl Hahn, head of Volkswagen, sounds a note of caution. "We realised earlier this year that the pessimism was exaggerated but I think the optimism is now also exaggerated and there are still two difficult years of transition ahead."

The caution is shared by the offices of the Treuhand privatisation agency in Chemnitz, Leipzig and Frankfurt an der Oder, all of which report signs of recovery only in construction and the retail trade. Mr Wolfram Hoschke, head of the Chemnitz chamber of commerce, says the bottom will not be reached until early next year. The Chemnitz-based textile industry says it has already hit bottom – but with only one quarter of the output of 1989.

Therein lies the problem. Even if the optimistic forecast of 10 per cent growth in gross national product next year is achieved, east Germany's GNP at the start of 1993 will still be nearly 25 per cent below its 1989 position. Also, although east German exports are stabilising thanks to DM10bn worth of Soviet orders this year, the region will run a current account deficit of DM129bn this year. Total imports of goods and services of DM183bn will be almost the same level as GNP at DM190bn, compared with a west German ratio of DM870bn of imports to GNP of DM2,180bn.

East Berliners queue up at an unemployment office – but Saxony's prime minister Kurt Biedenkopf, inset, says most east Germans accept need for a temporary 30 per cent jobless level

East Germany will continue to produce very little of what it consumes, and remain completely dependent on the west for several years, according to Mr Heiner Flassbeck of the DIW institute in Berlin. "That means any weakening in the west will spill over into the east," he warns.

Mr Kurt Kasch, head of the Deutsche Bank in west Berlin, welcomes the signs of life in construction and retail but worries that east Germany will end up with little manufacturing industry. "There will not be a blooming industrial landscape even in five to 10 years time," he says.

What industry there is will be owned directly by west German companies which, according to Mr Kasch, is also less than ideal. "If you don't have the company headquarters nearby you don't get the key functions like research and development and you get closed first. Just look at the experience of west Berlin," he says.

Such a worry seems rather an indulgence when any manufacturing investment is a rarity. Mr Thomas Kemmerich, a management consultant from Erfurt, says that the big companies such as Siemens and Daimler have all invested in east Germany for prestige reasons, but west Germany's backbone of larger *Mittelstand* (medium-sized) companies are still notable by their absence. He also points out that most of the 400,000 enterprises founded since the beginning of 1990 are in the service sector and that many of them have subsequently closed.

The pace of privatisation by the Treuhand is holding up at a relatively high level. More than 3,000 out of the total of 10,000 larger enterprises have now been sold, and some whole sectors, in particular retailing, are now privatised. But what will be decisive for the industrial future of east Germany is how the organisation treats the 2,000 to 3,000 companies that are worth saving but cannot be sold for a year or two.

Mr Kasch says there is a dispute within the Treuhand between those who stress privatisation above all and those who want to concentrate more resources on restructuring companies which cannot be sold quickly.

The Treuhand is planning to spend about DM12bn on restructuring this year. But some observers complain that although the company holding department at the Treuhand wants to keep as many of its charges as possible it cannot get the money from the finance department to invest in them.

'People can be dissatisfied if they are stagnating at high standards and satisfied if poorer but improving'

"About one-third of saveable companies will be liquidated because of lack of investment," estimates one insider.

At least west German money is now being ploughed into investment – DM65bn this year – as well as consumption in east Germany. Mr Biedenkopf reckons that with growth of 7 to 10 per cent a year per capita gross domestic product in east Germany will reach 65 per cent to 70 per cent of the west German level by the end of the decade. "As long as people see things steadily improving they will not worry so much about being equal with the west. People can be dissatisfied if they are stagnating at high living standards and satisfied if they are poorer but improving," he says.

"Things in east Germany are as not bad as some people assumed but they are also not as good as some people are now hoping in Bonn and Frankfurt," concludes Mr Kasch.

Joe Rogaly

After socialism

None of us really understands democratic politics in the absence of socialism. This is hardly surprising. We have had no practice. From its spiritual home in the east, the ghost of Marx has always glowered at us. Since the revolution of 1917, the existence of a communist Soviet Union has been a part of the western political consciousness. In Europe, the presence of communist or socialist parties has been taken for granted for the past century.

Now such parties are irrelevant. The future of a French government based on an alliance between socialists and a dwindling communist party is questionable. President François Mitterrand was squirming at his press conference on Wednesday. He had to allow for the privatisation of minority shareholdings in enterprises the French had nationalised. The British Labour party is increasingly embarrassed by the use of the word "socialism", let alone any reminder of its past policies of state ownership. Even Sweden seems likely to vote out its Social Democrats.

Non-communists on the left may protest that mixing references to socialism, communism and totalitarianism in this way is perverse – that there is no link between, say, western democratic socialists and the late Communist party of the Soviet Union. Yet every time another statue of Lenin crashes to the ground another subconscious tie to the thought of Marx, common to all parties of the left, is snapped.

Programmes that accept or extend ownership of industries and services belong to the dustbin of ideology. So do analyses based on the inevitability of class conflict, although classes continue to exist. These propositions began to be recognised during the 1980s. They were generally accepted after the eastern European regimes were toppled in 1989. Now the events of August 1991 have put the final seal on the process. Without socialism, all politicians are suddenly alone.

Thus it would be wrong for liberals to regard the death of Marxist thinking as the conclusion of the process of political struggle. With capitalism triumphant, not to say rampant, the new barons are the managers of large companies. In some countries they have politicians on their payrolls. Americans are aware of this. Socialist parties never made much headway in the US, but a prime motivator of the Democratic party has always been distrust of big business. Some continental Europeans also understand the point. The German model, which incorporates powerful trade unions as "social partners", is evidence of that.

Britain is different. For most of the 1960s and 1970s capital lived in mortal fear of Labour. The tables have since been turned. The unions are ciphers, trampled in the dust of Thatcherism. Considering their behaviour when they were on top, I view this with some satisfaction. No one person or institution should exercise untrammelled power. I would not trust my future to any of Britain's leading company chairman acting without restraint, let alone to a Tory party in permanent government – and least of all to whoever happens to be the elected dictator of No 10 Downing Street, whatever his or her party. An alternative gang of barons may be given a chance if Labour, the unions' party, wins the forthcoming election. Big deal. And what if Labour fails? The example of the scandals in Japan is there to warn us of the consequences of continuous single-party government in a country in which big business has the upper hand. In such circumstances corruption is not merely possible, it is inevitable.

If power is spread, the abuse of it cannot be absolute, or uniform

Leaving aside a strong trade union movement, the only countervailing forces I know of are regulation, trust-busting, competition, a powerful, punctilious rule of law and a constitution that keeps government in its place and provides for redress when it overreaches itself. These are the very forces that Americans look to to protect them from the excesses or illegalities of politicians, or managers for whom temptation has been too strong. This is not to say that the system works perfectly. Big business may be steadily gaining ground. The frequency of reported scandals seems to have increased. But the rule of law is the only tolerable system yet invented.

In Britain our post-socialist politicians must address themselves to the imbalances inherent in the business-political complex. This is what the Liberal Democrats have attempted at their remarkably successful conference in Bournemouth this week. Their allegiance to a clean market economy puts the Tories to shame. They would, for example, break up British Telecom. "We are determined to attack the monopolies, whether they are private or public," said Mr Paddy Ashdown, party leader, yesterday. "We would increase competition in the banking sector . . . and we would introduce a new restrictive practices act."

Their proposals for constitutional reform serve the same purpose. The list is familiar. It includes decentralisation of power to Scotland, the regions and local authorities; electoral reform; an independent Bank of England; a bill of rights; freedom of information; and so on. If power is spread, its abuse cannot be absolute, or uniform. If government is transparent, so much the better.

Mr Des Wilson, the party's campaign manager, argued forcefully on Wednesday that corruption is already embedded in British politics/business. If so, it is hedged with English inhibitions about correct behaviour within ministries and boardrooms. But the danger increases. The prime minister knows, or should know, the proper response. "We must heed the way the world is moving," he said in Paris yesterday, "– towards more decentralised, more accountable structures". He was speaking of the European Community. He would do well to apply the same stricture to the United Kingdom of Great Britain and Northern Ireland.

LETTERS

Privatise the M62, then the M1

From Mr Brian Shenton.

Sir, While there may be a case for looking at additional routes across the Pennines ("Transport plan for NW urged", September 5), the need for change to the M62 must not be overlooked. It is a cultural shock to return to the M62 after several hundred miles on French autoroutes.

The M62 is a boring, uninteresting, dangerous and poorly managed highway which cries out for an injection of continental flair, imagination and experienced management.

The brown tourist information signs, pioneered in France, are slowly appearing on our roads. Yet the M62 remains 100 per cent blue. The introduction of the brown tourist signs would do wonders for the motorist. The French are able to explain rivers, viaducts, and canals to the traveller. Why should we not be told that the cricket pitch which perches on the edge of the Pennines is the highest in the world?

The French also provide rest areas and have improved safety and traffic discipline. On steep inclines heavy goods vehicles are not allowed to pull out, spending five minutes to inch past another in the slow lane – all at 45mph and slowing. Going down the incline, drivers towing caravans are kept to a speed limit.

None of these innovations will be tried whilst the road is nationalised and run by the Department of Transport and several other government agencies. The French, and indeed the Italians, have a different structure using a single company for management.

Let the government set up the Trans Pennine Motorway plc and give it the contract to operate the M62. The private sector has had to bring in European partners for the private road in the Midlands because they have no experience of operating highways. Now is the chance to give the private sector that experience.

Success with the M62 could lead to the privatisation of the M1. Now that would be an achievement.

Brian Shenton,
Brian Shenton Associates,
1 Throstle Nest Drive,
Harrogate, HG2 9PB.

Give the unemployed long-term subsidies

From Mr Geoff Beacon.

Sir, Richard Layard and John Philpott repeat the conventional wisdom that "unemployment is the price we pay for controlling inflation" ("A 12-month turnaround for the unemployed", September 11). More accurately, it is the price the poor (now renamed the underclasses) pay.

Layard and Philpott's answer relies heavily on "high-quality training leading to recognised qualifications". Before we all jump on the training bandwagon, perhaps we should ask to what extent training independent of the workplace actually increases an individual's ability to do a job. I remain highly sceptical of the trainers' claims.

Their suggestion for a subsidy to employers for taking on an unemployed person has some merit: it does oil the friction in the labour market. But some employers are already using similar schemes as long-term labour subsidies by sacking employees after the subsidised period has ceased and taking on new employees and new subsidies.

Why not confront the problem head on? At a given time, there will be people who cannot legally earn enough to have a civilised life. Instead of giving them life skills classes or paying them not to work, subsidise them into a job and, if subsidies need to be long-term, let them be long-term.

Geoff Beacon,
36 Belle Vue Street,
York YO1 5AY.

Don't weed out experienced staff

From Mr Pat Wilson.

Sir, I can appreciate the need for companies to weed out "dead wood" in this recessionary climate, but I do question the wisdom of offering early retirement to people who have an abundance of experience and years of loyal service. What will happen when the upturn comes? Will the young inexperienced staff be able to cope with the pressure of hard work?

Fresh angles and new ideas will help companies back into the market place, but I don't think that anything replaces the wisdom of experience.

Pat Wilson,
36 Cressingham Grove,
Sutton, Surrey SM1 4EW

IoD survey sample too small

From Mr Robert Worcester.

Sir, Dr Ann Robinson (September 11), defending the Institute of Directors survey of business opinions, digs herself in deeper when she says that their sample of 320 is "as valid as any of the major surveys of voting intentions where 1,000-2,000 respondents are contacted".

In fact, the confidence interval of a sample of about 300 is plus or minus 5 per cent – based on a random sample – a 1,000 sample would be plus or minus 3 per cent, and a 2,000 sample (as in the monthly Mori survey for The Sunday Times) plus or minus 2 per cent. The IoD sample may be as systematic but, given the size, it cannot be as statistically reliable.

Robert M Worcester,
chairman, Mori,
32 Old Queen Street,
London SW1H 9HP.

From Mr Derek H Broome.

Sir, Dr Ann Robinson's defence of the statistical validity of the business surveys carried out by the Institute of Directors cannot go unchallenged. It is no good polling a small, totally self-selected group, even at random, and attempting to relate the results to a larger universe.

The IoD boasts 33,000 UK members among the 1.5m businesses registered for VAT. To take her comparison with surveys of voting intentions to its logical conclusion, it is rather like polling the Greens (or, to be generous, the Liberal Democrats) to predict the nextelection.

Alas, as Disraeli said, there are lies, damned lies, andstatistics.

Derek H Broome,
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Pay central to full employment

From Mr Mark Corney.

Sir, I am afraid Richard Layard and John Philpott have put the cart before the horse in "A 12-month turnaround for the unemployed" (11 September).

Their programme to help unemployed people cannot be sustained when the economy is set to function at a low level of demand throughout the 1990s.

Equally, we cannot even countenance a new contract between the state and the citizen until and unless one of Beveridge's preconditions has been met – the achievement of full employment.

Indeed, even when full employment is achieved, a new framework of duties and obligations between state and citizen must in turn be conditional upon the quality of the job and training opportunities on offer and the level of training allowances and rates of pay to unemployed people.

Inexplicably, Layard and Philpott fail to remind readers that co-ordinated pay bargaining is the linchpin to employment policies in both Sweden and Germany.

Instead of tucking away their reference to co-ordinated pay bargaining, they should have made this the precondition to their programme.

As Peter Robinson and I argued in the same column on September 3 ("Time to make a stand on co-ordinated pay bargaining") to attain full employment – defined, say, as less than 750,000 unemployed people out of work – our endemic pay problem must be solved. Then we can get the economy moving on a sustainable non-inflationary basis.

As it stands, the Layard and Philpott article perpetuates the myth that full employment in the UK has more to do with scheme-building, rather than a better functioning economy.

Mark Corney,
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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Friday September 13 1991

Investment in health and education will be much reduced if economic situation worsens

Cuba to face crisis with 'zero-option'

By Damian Fraser in Havana

CUBA is preparing a so-called "zero option" in case its economic crisis deepens, under which food would be handed out in soup kitchens, petrol for private use would be withdrawn and the supply of electricity severely rationed, according to a Cuban official.

Mr Raul Amado Blanco, the senior economist at the Bank of Cuba also said Cuba "would reduce substantially investments in health and education", the proudest achievements of president Fidel Castro's 32 years in power.

Mr Blanco was speaking in an interview after the announcement by president Mikhail Gorbachev of the withdrawal of 11,000 of the 14,000 Soviet troops in Cuba.

He described the Cuban economic situation as "very tense – the worst I have seen in my 24 years at the central bank." Cuba's economy, which had shrunk in the first half of the year, would continue to fall as the year progressed. Cuba, he said, would face very difficult times for the next three or four years.

The country has already introduced severe austerity measures, for example, importing bicycles from China and encouraging the use of horses and oxen in agriculture to cut the use of fuel. Items such as cigars and cooking oil have been rationed. But even if the economy continues to deteriorate, Mr Blanco said investments will be maintained in tourism and other industries that earn hard currency.

One Cuban academic referred to the "zero" strategy as the "Cambodian option". It would, he said, mark the end of the revolution.

The central bank official's remarks reflect a growing desperation over the economy, which is likely to deteriorate still further as aid from the Soviet Union draws to an end. According to Mr Gorbachev, a new Soviet agreement with Cuba will in the future be based solely "on commercial interests".

The Cuban central bank official said that negotiations over an agreement would start soon, but they will be made more complicated by the need to talk separately with Russian republics. Some four-fifths of Cuban trade with the Soviet Union is with Russia, Ukraine, Belorussia and Kazakhstan.

While some agreement is probable, the Cubans are unlikely to be offered as attractive terms as they were this year, say to western diplomats in Havana.

The government instead seems to be pinning its economic hopes on western foreign investment. Last month Mr Raul Taladrid, the vice-president of the State Committee for Economic Co-operation, said that "Cuba was willing to negotiate with the devil" to survive economically.

Mr Blanco emphasised that Cuba was open to foreign investment in tourism, light and heavy industry. Its foreign investment decree was "more flexible than any other socialist country's", while current restrictions could be put aside on a case-by-case basis.

However, government officials emphasise that the rest of the Cuban economy would remain controlled by the state. Mr Blanco said that Cuba will not move to a mixed economy, nor would the government re-introduce a "peasant's market", such that briefly reigned in the mid-1960s.

Japan's Finance Ministry blocks plans for watchdog

By Stefan Wagstyl in Tokyo

THE Japanese Ministry of Finance, battling to maintain its influence following recent scandals, has blocked attempts to establish an independent financial markets watchdog on the lines of the US Securities and Exchange Commission.

Ministry officials have persuaded critics that such a scheme would be impracticable and have secured support for more modest reforms involving the creation of a semi-independent supervisory organisation which would be closely associated with the ministry.

Its success in thwarting this threat to its powers indicates that its voice is also likely to prevail in other proposed reforms designed to deal with recently publicised abuses – including stockbrokers paying compensation to favoured clients, links between brokers and a criminal organisation, alleged stock manipulation and banks making illegal loans.

The ministry supports some important changes – including the codification into law of many of the ministry's instructions to financial companies. But the failure of moves to establish an independent watchdog means important decisions will stay with the ministry – even though it has itself been accused of contributing to the scandals by failures in supervision.

Interview with IBJ chief..........Page 4
Fuji Bank arrests.....Page 4

The plan for a semi-independent watchdog is the main recommendation of a report which was due to be presented today to Mr Toshiki Kaifu, the prime minister, by a top-level advisory committee headed by Mr Eiji Suzuki, a leading industrialist.

Some committee members originally favoured the establishment of an SEC-style body, which would have taken over from the ministry powers to inspect banks and securities companies. This would have left with the ministry the function of promoting the interests of financial companies – a function which critics say interferes with supervision.

However, senior ministry officials persuaded Mr Suzuki and his colleagues that an independent watchdog would be impracticable.

The new watchdog would be entrusted with some, but not all, of the powers of the inspection units of the ministry's securities and banking bureaux. Its position would be similar to the National Tax Bureau – a semi-independent organisation reporting directly to the finance minister. But staff are often transferred between the ministry and the tax agency, so blurring a sense of independence.

Commenting on the report, the Asahi, a leading daily newspaper, said: "A group of laymen failed to destroy the wall built by the bureaucrats in the Finance Ministry and the prime minister's office... The plan is far from the idea of a Japanese-style SEC."

EC urged to meet car challenge

By Kevin Done in Frankfurt and Andrew Hill in Brussels

MR Martin Bangemann, European Community industry commissioner, yesterday vigorously attacked the protectionist lobby in the European motor industry, as a deep split opened up again over the sensitive issue of Japanese car sales in Europe.

He urged European carmakers to meet the Japanese challenge head-on if they wished to remain successful in the future. His attack came in a speech at the Financial Times World Motor Industry Conference.

Last month's agreement between the European Commission and Japan to open up the EC car market completely to Japanese car imports from the end of 1999, after a transition period, would confront the European motor industry with tough competition and a major challenge, he declared.

But doubts about the interpretation of the deal have surfaced in Frankfurt in the last two days following comments by Mr Yutaka Kume, chief executive of Nissan Motor and president of the Japan Automobile Manufacturers' Association, and Mr Jacques Calvet, Peugeot chairman.

Mr Kume said on Monday that Japanese manufacturers would be opposed to any restriction on the annual output of Japanese cars in Europe – so-called "transplant" production.

In principle, transplants are not covered by the Japan-EC agreement, and a senior Commission official in Brussels yesterday reiterated that no such limit had been set. However, the Commission has estimated that transplant output will rise gradually to 1.2m by the end of the decade.

The terms of the agreement are deliberately vague. Japan will monitor exports to the EC "in accordance with" forecast levels of exports in 1999 – 1.23m based on the assumption that EC demand will total 15.1m vehicles by the end of the decade. The Commission has always held to the line that there is no relation between transplant output and imports.

EC officials conceded when the deal was agreed that it was no more than a gentleman's agreement, prompting fears that both sides might attempt to reopen negotiations about the "assumptions" involved almost as soon as they were published. Mr Calvet, for example, has always wanted stricter curbs on Japanese car sales during the transition period.

Mr Lindsey Halstead, chairman of Ford of Europe, yesterday attacked both the Commission's failure to insist on reciprocity in the agreement, and implicitly governments like the UK which have encouraged Japanese carmakers to invest in Europe.

Japan's trade surplus, Page 3; Conference report, Page 6

Colin Beere

Asil Nadir, chairman of Polly Peck International, the collapsed fruit and electronics conglomerate, outside Bow Street magistrates' court yesterday. He was remanded on bail for a further two weeks on 18 previous charges of theft and false accounting, following his rearrest and interview under caution by the SFO on Wednesday

EC observers may quit Croatia

By Laura Silber in Belgrade and Ronald van de Krol in The Hague

EUROPEAN Community monitors who are trying to impose a ceasefire in Yugoslavia's breakaway republic of Croatia yesterday threatened to pull out if their safety could not be guaranteed.

The warning coincided with a statement by Mr Stipe Mesic, the state president, that he would seek "foreign intervention" if the army failed to withdraw to barracks in Croatia by today. The president did not go into details about which outside forces might be invited to intervene.

Earlier in the day, Lord Carrington, the former UK foreign secretary, opened the first working session of The Hague peace conference on Yugoslavia by chairing a meeting with Mr Budimir Loncar, the Yugoslav foreign minister, and the foreign ministers of the six Yugoslav republics.

In a televised address, Mr Mesic, a Croat, said: "The military is acting unconstitutionally, and by now it must be clear... that the army has carried out a military coup."

Belgrade 'printing money to pay army'..........Page 4

His statement was seen as a direct challenge to General Veljko Kadijevic, the federal defence minister, who said the collective presidency, not Mr Mesic, was commander-in-chief of the army. Mr Mesic is head of the eight-man collective state presidency, but the position rotates each year.

Mr Joop van der Valk, the Dutch head of the EC observer mission, told reporters he was "not optimistic about the mission's future in Yugoslavia".

EC observers stationed in Osijek, the embattled regional capital of eastern Croatia, were forced to run for cover yesterday as grenades pounded the city. Earlier in the week Croat militia fired on a helicopter carrying members of the EC monitoring force.

In the heaviest attack to date, Osijek was hit yesterday by about 150 mortar rounds. Police from Osijek said the mortar fire came from the direction of the Serb-controlled region of Baranja, in north-eastern Croatia.

In spite of the considerable difficulties facing the 80-strong mission, a western diplomat based in Belgrade, the Serbian and federal capital, said: "Although the mission is not meeting with immediate success, it may help to get a clearer picture to the EC. The story is not black and white. The Dutch now see that Croats have also been violating the ceasefire."

The EC mission's difficulties are likely to be compounded by the possibility that violence will spread to the central republic of Bosnia-Hercegovina. Yesterday Serbs in eight municipalities in the south of the republic, which borders with the republic of Montenegro, a staunch ally of Serbia, declared their autonomy, a move which is likely to exacerbate ethnic unrest.

Hopes for hostages

Continued from Page 1

Mr David Levy, Israel's foreign minister. "Israel has taken the step necessary to furnish proof to all parties of our determination to see the process through to its conclusion."

Mr Moshe Arens, the defence minister, said earlier that the next move would be the return of the remains of Sgt Assad, said by the DFLP to have been killed in an Israeli air raid. In return, a DFLP activist may be allowed home.

Israel had released the 51 Lebanese prisoners and handed over the bodies of nine guerrillas after receiving information on the fate of two soldiers lost in Lebanon. It wants to know about four other missing servicemen, at least one of whom, air force navigator Ron Arad, is believed to be alive, before it will hand over more of the 300 Lebanese prisoners it holds.

Mr Javier Pérez de Cuéllar, UN secretary-general, said in Tehran that he hoped there would be news soon on the fate of all seven missing Israeli servicemen.

Rolls-Royce to shed jobs

Continued from Page 1

half performance and full-year prospects did not surprise the City. Its shares closed 3p higher at 143p.

By contrast, BAe shares continued to slide yesterday. They finished a further 22p lower at 421p, bringing the share price closer to the company's rights issue offer of 380p a share.

Lord Tombs said Rolls-Royce had "no gaping hole" in its balance sheet and was not preparing a rights issue. The company also denied suggestions that BMW, the German luxury carmaker, planned to increase its 1 per cent stake in the UK group. But Sir Ralph did confirm BMW was negotiating taking a 5 per cent stake in the Trent engine.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	28	82	Berlin	S	17	63	Caracas	C	28	82	Faro	S	24	75	Islamabad	C	32	90
Algiers	F	32	90	Biarritz	S	23	73	Casablanca	S	25	77	Florence	T	24	75	Istanbul	F	21	70
Amsterdam	C	16	61	Bombay	F	29	84	Chicago	T	17	63	Frankfurt	S	19	66	Jakarta	F	33	91
Athens	S	26	79	Bordeaux	F	26	79	Cologne	S	19	66	Geneva	F	21	70	Jersey	F	21	70
Bahrain	S	32	90	Boulogne	S	19	66	Copenhagen	S	17	63	Gibraltar	S	29	84	Johannesburg		–	–
Bangkok	C	33	91	Brussels	S	17	63	Corfu	S	27	81	Glasgow	S	14	57	Lima	C	19	66
Barcelona	S	26	79	Budapest	S	22	72	Dallas	S	23	73	Helsinki	F	11	52	Lisbon	F	24	75
Beirut	S	27	81	Buenos Aires	F	25	77	Dublin	C	15	59	Hong Kong	F	33	91	London	F	20	68
Belfast	F	17	63	Cairo	S	32	90	Dubrovnik	S	24	75	Innsbruck	F	20	68	Los Angeles	C	17	63
Belgrade	S	27	81	Cape Town		–	–	Edinburgh	F	14	57	Inverness	S	13	55	Luxembourg	S	19	66

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	25	77	Milan	C	19	66	Nicosia	S	26	79	Salzburg	R	18	64	Tenerife	S	25	77
Madrid	F	24	75	Montreal	S	7	45	Oporto	F	23	73	San Francisco	C	12	54	Tokyo	C	29	84
Majorca	F	30	86	Moscow	R	11	52	Oslo	S	16	61	Seoul	F	26	79	Toronto	S	9	48
Malaga	S	31	88	Munich	C	17	63	Paris	S	21	70	Singapore	F	28	82	Tunis	S	32	90
Malta	S	28	82	Nairobi	S	24	75	Peking	F	27	81	Stockholm	C	12	54	Valencia	S	29	84
Manchester	C	16	61	Naples	S	27	81	Prague	S	16	61	Strasbourg	C	15	59	Venice	F	24	75
Manila	C	33	91	Nassau	F	33	91	Reykjavik	C	11	52	Sydney	F	14	57	Vienna	R	16	61
Melbourne	F	11	52	New Delhi	S	32	90	Rhodes	S	25	77	Taipei	F	30	86	Warsaw	C	16	61
Mexico City		–	–	New York	C	15	59	Rio de Janeiro	C	27	81	Tangier	F	25	77	Washington	C	18	64
Miami	S	26	79	Nice	S	25	77	Rome	S	27	81	Tel Aviv	S	29	84	Zurich	S	20	68

Temperatures at midday yesterday C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

THE LEX COLUMN

Still addicted to Glaxo

Shareholders in Glaxo could be forgiven for finding its latest results better than a cure for ulcers. The immediate blandishments of a 13 per cent increase in earnings per share, a 27 per cent rise in the dividend seemed more than enough to justify a 3.55 per cent advance in the Footsie's second largest constituent. But investing in a company like Glaxo requires a long-term view. The real question remains whether it can deliver a medium-term growth rate high enough to justify a multiple of more than 22 times.

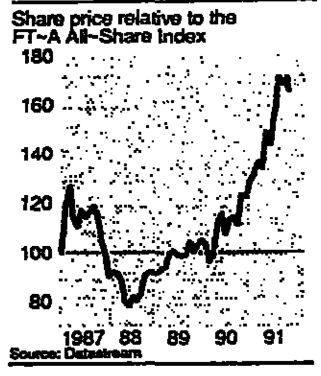
US investors, whose stake in the company has increased by some 10 percentage points to nearly a quarter over the past year, evidently have more faith in this regard than their British counterparts. In the short term, there is still some room for doubt that the promised new growth cycle is actually at hand. Sales of the Zantac anti-ulcer drug are showing double digit gains, and there has been a positive response to the three new products which are eventually due to become Glaxo's new engine of growth. Yet the benefits will not be fully felt till 1993, while next year's earnings will be hit by falling interest income and increased outlays on research.

For the longer term, it is hard to fault the management's recipe of high research spending to develop truly innovative drugs which can then command high prices. Admittedly the spectacular growth rates of the 1980's are unlikely to be repeated, but Glaxo still has a substantial cushion against disappointment in its cash reserves. If its strategy works, British institutions may live to regret taking a short-term view of a company whose rating is still neck-and-neck with that of Merck.

FT-SE Index: 2,641.9 (+15.3)

Glaxo

Share price relative to the FT-A All-Share Index



Source: Datastream

Rolls-Royce

Rolls-Royce has had the fortune to be doing badly when a fellow sufferer has been doing much worse. The combination of its grim interim results and British Aerospace's fall from grace has confirmed that the world airline industry is still in cyclical decline – witness Rolls-Royce's caution on the timing of a pick-up in its civil aircraft spares business.

If there was no hiding the fact that the outlook remains bleak, there were reasons to be vaguely cheerful. Rolls-Royce has more jobs to cut if it is to match the productivity of its US rivals. The cash required will probably mean borrowings by the end of next year, particularly if the dividend is to be increased. Admittedly the Trent engine now has a launch customer in Thai Airways but it needs a really big order sometime soon. Chief among the encouraging factors was the controlled nature of the cash outflow, which included £30m for a land purchase at the Leavesden helicopter plant. Research spending was heavy, but the group insists the programme has now peaked. Thanks mainly to power station-related orders, the non-aerospace operations had a useful recession-resistant feel.

That R-R shares were largely unaffected by the figures was more a reflection of recent successive bouts of weakness than any vote of confidence from the market. A prospective multiple of 16 for 1992 puts them in demanding company, but the 7.5 per cent yield probably sets a floor under the price.

United Biscuits

In the unlikely event that United Biscuits has to fight a hostile bid, yesterday's interim profits would prove a useful response. Even with the benefit of acquisitions, a 4 per cent pre-tax advance seems good going given the first half buffeting on both sides of the Atlantic. The company is plugging away at costs on the one hand, and pursuing higher margin, higher value added products (notably in biscuits) on the other. The European strategy looks to be working well at this early stage, and with the help of strong pizza and dessert volumes and the ditching of marginal fish sales, the Ross Young's frozen foods business is being turned round.

The questions for the future are whether Ross will be sold off when it is suitably fattened up, and to what extent the relatively low margins of Europe and the US can be improved. There are few more efficient food manufacturers and distributors but, Philip Morris apart, it all seems in the price.

RTZ

There is certainly no need to rush out and buy RTZ shares on the basis of anything the company said yesterday. On fundamental grounds at least, rising stocks suggest that metal prices will stay dull for 12 to 18 months, and copper(RTZ's main variable) probably has further to fall. There are precious few signs yet of any upturn in the industrial minerals businesses or Pillar, which suffered severely in the first half as volumes continued to slide. Even after a 4p dip in response to the two fifths drop in half-year pre-tax profits, RTZ's shares at 569p are on a more demanding rating than in October 1987, and yield just 4.6 per cent.

Whether that is justified depends on how far profits recover next year, and how much in 1993. The company is clearly well managed, conservatively financed, and generating impressive amounts of cash(operating cash flow was only 11 per cent down in the first half, against the 43 per cent fall in earnings per share). The only puzzle is its insistence that the ACT problem – to some extent the consequence of a string of UK disposals in oil and gas, cement, chemicals and double glazing – will automatically right itself with time.

Hickson

Hickson has been doing rather better of late, its poor interim figures notwithstanding. But the friendly reception awarded to its £70m rights issue was a bonus – its shares rose by 5 per cent, continuing a strong relative performance as the market has been persuaded that the newish board is doing sensible things. The sale two weeks ago of the loss-making flooring subsidiary signalled that the group is serious about investing in its much-neglected core chemicals business. Shareholders who have doubled their money in a year would probably be right to back the rights issue. But longer-term investors could be forgiven for pointing out that the final dividend is to be maintained for the second year running and that earnings will probably fall again.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday September 13 1991

INSIDE

Oil bid puts pressure on UK government

A recommended offer by Neste, the Finnish state-owned oil and gas company, for Sovereign Oil and Gas, the UK independent oil company, has put renewed pressure on the UK government's attempts to control the acquisition of British companies by foreign state-owned groups. Page 18

Colgate-Palmolive in the red

Colgate-Palmolive will go into the red with an after-tax charge of $243m because of plans to close or reorganise 25 factories and shed 2,000 jobs. Page 18

UB sees no early upturn

United Biscuits, the UK food group, increased pre-tax profits by 4 per cent to £86.1m ($145m) in the 28 weeks to July 13, thanks largely to a strong performance by its US operations and contributions from recent acquisitions in continental Europe. Mr Robert Clarke, chairman, said "It would be unwise to predict a significant upturn before the end of the year." Page 23

Repairing a reputation

The US Treasury has moved quickly to change the way it sells government securities in the wake of the Salomon Brothers bid-rigging scandal. Meanwhile, ahead of the next UK gilts auction, the Bank of England is seeking to reassure the market. Page 21

Magnet attracts risks

Highly leveraged buy-outs are supposed to be risky. But advisers to the management buy-out of Magnet, the UK kitchen retailer, have found that risks are not restricted to financiers, as they face legal action for negligence and misrepresentation from a disgruntled Magnet creditor. Page 24

John Laing profits fall

John Laing yesterday became the latest UK contractor and housebuilder to announce a sharp fall in interim pre-tax profits. Page 25

Hickson launches rights

Hickson International, the formerly acquisitive UK chemicals group where gearing hit 134 per cent in December and kept rising, has launched a £70m ($118.30m) rights issue to tackle its debt problem. Page 23

Japanese cut advertising

Japanese securities companies, hit by a spate of stock scandals, are cutting advertising efforts just when they need to brighten their *tarnished image and restore investor confidence.* Page 19

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Aachen Mch	844	+	17
Schmalbach	590	+	12
Falls			
Colonia Konz	865	−	15
Goldschmidt	730	−	8
Hoesch	299	−	12
Lahmeyer	886	−	14

NEW YORK ($)

Rises			
US Healthcare	27	+	3⅞
Falls			
Bank Of Boston	10½	−	⅝
Digital Systems	9¾	−	6½
NL Industries	14¾	−	1½
Northrop	25⅛	−	1¾
Unisys	4⅝	−	¾

PARIS (FFr)

Rises			
Beghin-Say	485	+	15
Bouygues	607	+	21
Chargeurs	917	+	47
Geophysique	819	+	39
Skis Rossignol	745	+	25
Falls			
Fonc Lyonnaise	624	−	25

TOKYO (Yen)

Rises			
Clarion	1440	+	200
Meiji Seika	1080	+	105
Mercian	1170	+	160
Morinaga Milk	721	+	66
Takuma	1440	+	150
Falls			
Toa Valve	510	−	39

New York prices at 12.30.

LONDON (Pence)

Rises			
AdScene	64	+	8
CMB Packaging	1538	+	25
Cadbury Schw	419	+	15
Caird Group	113	+	7
Cannon St	69	+	6
Glaxo	1368	+	47
Hickson Intl	214	+	10
MTL Inst	216	+	12
Micro Focus	2053	+	33
Opal Group	179	+	10
Pearson	768	+	13
Planion	54	+	10
Rathbone Bros	323	+	35
Sirdar	78	+	9
Sovereign Oil	144	+	41
Syltone	208	+	21
Falls			
Brit Aerospace	421	−	24
Canning (W)	137	−	5
Danbury	40	−	6
Rosebaugh	22	−	6
Stanhope	39	−	3
Starmin	18	−	2
Wharfedale	13	−	3

Group president warns of 500 redundancies and announces move to restructure Scandinavian businesses

Norsk Data slides into NKr257m loss

By **Karen Fossli** in Oslo

NORSK DATA, the Norwegian mini-computer group, yesterday announced a sharp deterioration in its performance in the first half of the year and signalled a radical overhaul of operations.

The company slid to a pre-tax loss of NKr257m ($37m) after net financial costs of NKr7m and an extraordinary cost of NKr20m, against a NKr1m pre-tax profit last time.

At an operating level, the group returned a loss of NKr230m compared with NKr10m a year earlier. Group turnover dropped 22 per cent to NKr950m.

The company's equity-to-debt ratio fell to 33 per cent at end-June from 44 per cent at the end of 1990. As a result, the company entered a sale-leaseback deal on its headquarters.

Mr Erik Engebretsen, the president, said in the short-term this would add NKr165m to reserves.

Mr Engebretsen blamed Norsk Data's poor result on a combination of losses by ND Comtec and ND Germany, NKr67m in restructuring costs and NKr20m related to extraordinary costs for winding down central European business.

He said lower sales and the effects of losing several domestic public sector contracts would force 500 new redundancies in his company, 300 in Norway.

Mr Engebretsen also announced a new attempt to restructure Norsk Data's Scandinavian business into three companies.

NordPartner will supply the public and private sectors with advanced information technology systems; ND Service Team will develop products and services for the computer maintenance business, and ND Datashop is to continue as a distributer of standard computer products. Mr Engebretsen said that he had signed an agreement with QED Technology, part of Maxwell Communications Corporation (MCC), to dispose of loss-making ND Comtec, which supplies computers to the printing industry.

He would not be drawn on the sale price but said that the deal would be signed next month. In the first half ND Comtec suffered pre-tax losses of NKr55m.

ND Germany plunged into a half-year pre-tax loss of NKr64m but no comparative figures were given.

ND Germany, which used to be one of the company's main profit centres, will concentrate on increasing market share in the mechanical industry, library and building industry sectors. Efforts will also intensify in the search for industrial partners in Germany.

Glaxo lifts profits by 9%

By **Richard Gourlay** in London

GLAXO, maker of the world's best-selling drug, yesterday reported a £101m ($174.7m) increase in profits. The company said recently launched drugs heralded a "new cycle of growth".

The 9 per cent rise in pre-tax profits to £1.28bn for the year to June pleased many analysts concerned that the engine of Glaxo's growth over the past decade, the anti-ulcer drug Zantac, might be running out of steam.

Sales of Zantac grew 4 per cent to £1.61bn, but after adjusting for the adverse effect of translating dollar sales, underlying growth was 12 per cent.

Group sales of £3.40bn were up 7 per cent, or 16 per cent in constant currency terms. About 15 per cent came from market growth and only 1 percentage point from price increases.

The rise in earnings per share to 60.8p from 54p allowed Glaxo to increase its dividend for the year by 27 per cent to 28p.

Glaxo's share price rose 47p yesterday to 1,368p, helped by the company's decision to split its 50p nominal shares into two worth 25p in October.

The results helped allay fears that the rapid growth in sales of Losec, the anti-ulcer drug produced by Astra of Sweden, might have come at the expense of Glaxo's market share.

Sir Paul Girolami, Glaxo chairman, said the past year had been particularly important as the company was now well into the successful introduction of a family of new drugs.

Of the newly introduced drugs the most established is Zofran, the anti-nausea treatment used in cancer therapy, launched in the UK a year ago.

Zofran contributed £78m to sales from the 35 countries where the drug has been launched.

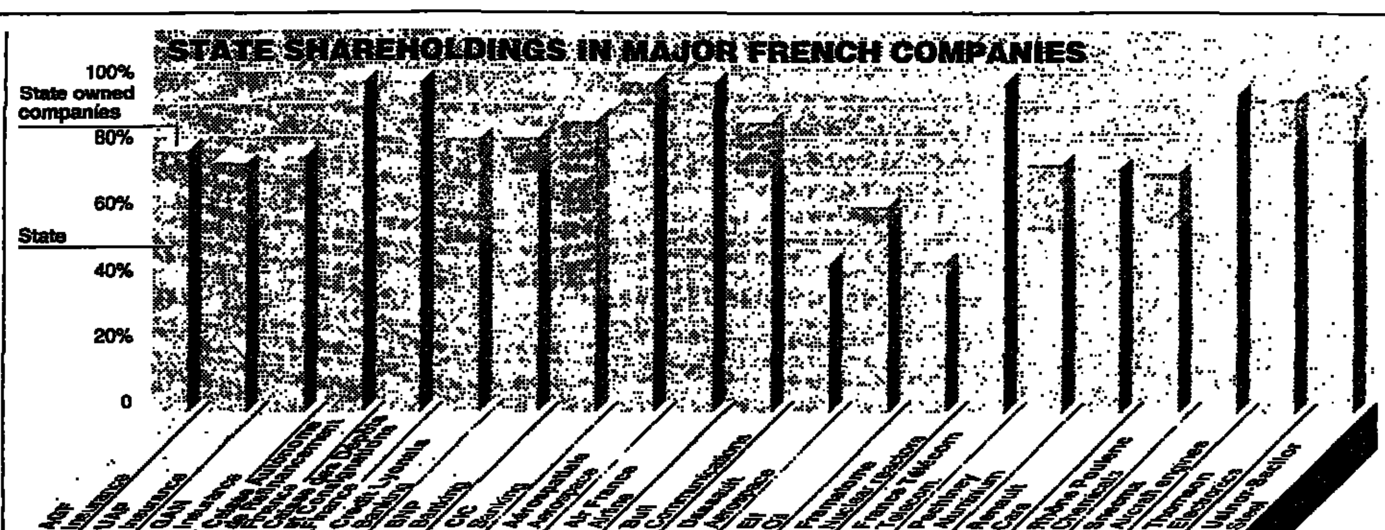
Glaxo is optimistic about Serevent, an anti-asthma treatment launched last December in the UK, and Imigran, an anti-migraine drug launched in the Netherlands in June and partially approved in the UK last month.

Sir Paul said strong market growth when health authorities were increasingly concentrating on cost containment proved the value of research and development.

"You cannot get volume by simply producing me-too drugs," he said. "You need new drugs in new areas and that means R&D."

R&D costs during the year were £475m and Mr Mario expected them to rise to £620m in constant currency terms, making Glaxo the world's largest spender on pharmaceutical R&D.

Lex, Page 16
Background, Page 23



Mitterrand's *non* to 'ni-ni'

William Dawkins on the death of a French policy

French President François Mitterrand's decision to blow away the last fragments of his dwindling resistance to partial privatisations has unleashed a gale of speculation.

Mr Mitterrand's policy of neither nationalisation nor privatisation – or "ni-ni" – has been more honoured in the breach than observance since its birth, in the French president's 1988 election manifesto.

The share exchange between Renault and Volvo, the vehicle makers, and the entry of NEC, the Japanese electronics group into the capital of Bull, the state-owned computer producer, testify to a gradual reduction of the state's involvement in industry.

So Mr Mitterrand's announcement on Wednesday, that the government would allow private investors to take stakes in state-owned businesses is no surprise, even if it is the first time that he has openly acknowledged this.

"The false death of 'ni-ni'," said *Le Monde*'s headline yesterday. However, the move removes some of the ambiguity over what France wants to do with its state sector – to let it take on as much private capital as is consistent with the state keeping control.

Yet the move also invites important questions. Which companies will put minority stakes on the the block first? Will the proceeds really be used for their own development – as Mr Mitterrand says they will? Will the stock market absorb large chunks of new equity?

The government has already announced the sale on the stock market of 20 per cent of its shares in Crédit Local de France, a bank specialising in lending to local authorities, expected to raise FFr2bn ($346m) for the state this autumn.

Beyond that, stockbrokers speculate that the partial privatisation candidates will be profitable, have a high level of state ownership so a significant stake can be sold without abandoning government control, and will be outside sensitive sectors like Framatome in nuclear energy or Dassault in defence.

Businesses in this category include, in the financial sector, Banque Nationale de Paris (BNP), the leading state-owned bank, and in insurance, Assurances Générales de France and Groupe des Assurances Nationales. They all have more than a 70 per cent state shareholding, in contrast to other state financial groups like Union des Assurances de Paris, which is 55.7 per cent owned, or Crédit Lyonnais, the 50.9 per cent government-owned bank. They are all already listed.

In the industrial sector, possible candidates for a relaxation of state control include Usinor-Sacilor, the unquoted steelmaker, Pechiney in aluminium and Rhône-Poulenc, the listed chemicals company. Their recent profits falls might not make this the ideal time for a sale, but all three would welcome the chance to reduce the debts they have built up to fund international acquisitions.

In aerospace, loss-making Air France is having its capital needs fulfilled by the state with some help from BNP. But Aérospatiale and Snecma, the jet engine maker, both nearly fully state-owned, have room for manoeuvre within a special statute for the aerospace industry limiting private investment to 30 per cent.

Aérospatiale is having difficulties, like other aerospace groups, and would no doubt like the freedom of its privatised UK counterpart, British Aerospace, to make rights issues.

This leaves the question of the conditions under which sales will take place. Mr Mitterrand said the proceeds of such sales will be used to "develop investment and jobs", not to plug holes in the state budget.

He also said that the state sector must not be sold cheap. This was meant as a dig at the privatisation programme of the previous Gaullist government and confirmed analysts' assumptions that the state will ask a high price for shares.

Mr Mitterrand's emphasis on industrial investment implies a preference for issues of new shares, with proceeds going to the company, rather than sales of existing state-owned shares.

However, Crédit Local is an unusual case, being the first in seven stock market offerings by state-owned companies under the current socialist administration to raise cash directly for the state rather than for the company.

The other main option is for state businesses to sell minority stakes to industrial partners as part of a capital increase. This is the kind of deal envisaged in a government decree allowing for partial privatisations last April, modelled on the link between Volvo and Renault, in which the Swedish partner brought in capital and took a 25 per cent stake.

Another fund raising technique, available to a handful of state companies, is to sell voting rights to holders of non-voting equity. The state sector has been allowed to issue up to 25 per cent capital in so-called certificates of investment, an option used by Crédit Lyonnais, Elf Aquitaine and Rhône-Poulenc and BNP. Prices of these certificates have risen sharply in recent weeks – BNP's have increased 16 per cent over the past 10 days.

How much will be asked of the stock market's appetite will remain unclear until the government produces more details of what will be for sale. Stockbrokers talk of possible sales of FFr10bn to FFr15bn of state sector equity per year, which would represent a big increase on the FFr50.9bn of equity capital issued on the Paris stock market last year.

That does not reckon with the FFr1,562bn locked up in Sicavs – the French equivalent of unit trusts – by the end of July, less than 15 per cent of which is invested in shares. Nor does it reckon with the estimated 34 per cent of French equities held by foreigners, who presumably would study with interest any offering from the state sector, given that the government is unlikely to let any of these companies go bankrupt.

Maple Leaf seeks C$223m war chest

By **Bernard Simon** in Toronto

MAPLE Leaf Foods, the Toronto-based subsidiary of Britain's Hillsdown Holdings, is preparing itself for an acquisition spree in the US and Canada by raising C$223m (US$195.60m) in new equity.

In the 15 months since Hillsdown bought a 56 per cent stake in Maple Leaf, formerly Canada Packers, its priority has been to shake up a notoriously sleepy company and to streamline its operations. The share issue, announced yesterday, indicates that Hillsdown is ready to make Maple Leaf a springboard for expansion in the North American food industry.

Mr David Newton, Maple Leaf's president, told an analysts' meeting that Maple Leaf had no specific targets, but expected to find something of interest within 12 months.

Mr Michael Palmer, analyst at Sanwa McCarthy Securities in Toronto, said the new equity would enable Maple Leaf to spend up to C$1bn on new acquisitions without damaging its balance sheet. The company has a total debt load of C$178m, down from C$258m a year ago.

Mr Palmer said the share issue would improve the liquidity of Maple Leaf stock, making it more attractive as part-payment for any purchases.

The 15.1m treasury shares are being priced at C$15, below Maple Leaf's C$16.38 trading price yesterday morning. An underwriting group led by RBC Dominion Securities and Burns Fry has bought the shares, and is distributing 6.7m to the public. The remainder have been bought by Hillsdown to maintain its 56 per cent stake.

Hillsdown last year put all its other North American operations under Mr Newton's control in Toronto.

World Bank bans Nomura and Nikko from bond deals

By **Simon London** and **Richard Waters**

THE World Bank said yesterday that it was excluding Nomura and Nikko, two leading Japanese securities houses, from participating in its bond issues following the scandals which have shaken the firms in Japan.

The immediate effect of the ban will be to exclude the firms from participating in the Bank's $1.5bn global bond offering expected later this month, among the most prestigious assignments in the international capital markets.

Last month the Bank suspended all dealings with Salomon Brothers, the US investment bank which has been affected by scandals over manipulation of US Treasury bond auctions. Unlike Salomon Brothers, Nomura and Nikko will be allowed to take part in secondary market dealings with the Bank.

Mr Don Roth, the Bank's treasurer, said yesterday: "Because of the scandals in Japan, they will not be in our underwriting syndicates." He declined to say how long the ban would last. A senior Nomura official in London said that he believed the ban would extend beyond the next bond issue, possibly for some months.

The heads of Nomura and Nikko resigned in June after it was revealed that companies had dealt with a gangster organisation in Japan and compensated clients for losses on securities holdings.

Last week, the Japanese Ministry of Finance said it suspected Nomura of manipulating shares for gangsters. The official at Nomura in London said he believed it was this share rigging which caused the Bank to act.

Several US investors have stopped dealing with Nomura's securities broking arm. The Illinois Municipal Retirement Fund and the California Public Employees Retirement System have told Nomura Capital, which manages part of their funds, not to put business through Nomura's broking arm.

The Bank is among the biggest borrowers in the international capital markets and its global bond offerings are the most prestigious debt issues of their kind.

Lead managers for the next global deal, probably a five-year issue, are expected to be announced imminently, probably today.

The Bank pays underwriting fees of about 0.25 per cent for a five-year bond offering. On this basis the syndicate of banks handling the issue would share fees of $3.75m according to their underwriting commitment.

INTERNATIONAL COMPANIES AND FINANCE

Neste bid puts DTI under pressure

By Roland Rudd in London and Enrique Tessieri in Helsinki

THE UK government's attempt to control the acquisition of British companies by foreign state-owned groups was under renewed pressure yesterday by a recommended offer by Neste, the Finnish state-owned oil and gas company, for Sovereign Oil and Gas, the UK independent oil company.

Sovereign said it was recommending Neste's cash bid of 150p per Sovereign share, valuing the company at £84.3m ($142.5m).

Sovereign's shares rose 41p to close at 144p.

Mr Peter Lilley, trade and industry secretary, last year said he would not allow Britain's policy of privatisation and competition to be undermined by "nationalisation by the back door".

The DTI yesterday said that Mr Lilley, after receiving advice from the Office of Fair Trading, would look at the issues of foreign state control before deciding whether to refer the Neste bid to the Monopolies and Mergers Commission.

Mr Peter Young, vice-president of Neste, said: "We are obviously conscious of the Lilley doctrine, and no one can be completely sure that the deal will be allowed through."

However, Mr Young said he hoped Mr Lilley would take into account the fact that Sovereign, which was a small player in the North Sea, had recommended the deal to its own shareholders.

Earlier this year, the proposed acquisition of ICI Fertilisers by Kemira, the Finnish state-owned chemical company, was stopped by Mr Lilley, following a Monopolies Commission decision that the purchase raised significant *competition issues.*

Neste's agreed bid represents a 45.6 per cent increase on Sovereign's share price of 103p on Wednesday. Neste already has a 29.7 per cent stake in Sovereign.

Neste's bid to acquire Sovereign is expected to raise the company's in-house oil production from 0.6m tonnes to over 1m tonnes. Neste hopes to raise this even further by the mid-90s, to between 3m and 3.5m tonnes, or one-third of the total input of its two refineries in Finland.

Meanwhile, the present centre-right government gave the go-ahead last Tuesday for the implementation of Finland's largest privatisation plan. Neste will be the first state-owned company to be put up for partial privatisation, most likely in the spring of 1992.

The Finnish state, which presently controls 100 per cent of Neste, Finland's largest company, is only willing to relinquish a 15 to 20 per cent *stake of the company.* It hopes to gain between FM1.5bn ($366m) and FM2bn from the sale.

Over the past 10 years Neste has expanded internationally; it currently has more than 140 subsidiaries in over 20 countries. For the year ended December 1990, Neste reported taxable profits of FM2.6bn and sales of FM46.6bn.

Neste is also involved in the exploration and production of oil in the Norwegian sector of the North Sea. Last year it acquired Atlantic Richfield's wholly-owned Norwegian subsidiary, Arco Norge.

Arco Norge holds numerous interests in the North Sea, including stakes in the Brage and Heidrum fields, which are expected to come on stream in 1994 and 1995 respectively.

Neste has also gained exploration licences in Algeria, Syria, Turkey, Portugal and is involved in oil production in the United Arab Emirates and the US.

Sovereign's principle business is in the North Sea. Since 1970 it has built up a portfolio of oil and gas interests, including the Brae Fields and the Victor Gas Field.

Neste deal in Estonia, Page 3

Troubles deepen at Siemens venture

By Christopher Parkes in Bonn

THIS YEAR'S results at Siemens-Nixdorf will be severely dented by integration costs of around DM500m ($287.3m), the German computer group admitted yesterday. However, it refused to comment on reports that it was also heading for a DM500m operational loss, and claimed that turnover and orders were improving.

"After overcoming normal start-up difficulties, Siemens-Nixdorf has continued to increase its sales each month," the company said. At the half-year mark, turnover was 17 per cent down on the previous year, but by the end of August sales were lagging only 5 per cent behind the comparable figure for 1989-90.

New orders at the end of last month were 5 per cent up on the previous year, it said.

It was responding to a gloomy report in Wirtschaftswoche, the business weekly magazine, which also cast doubts on the future of factories in Cologne and Poing. The magazine said Siemens-Nixdorf might bid for the German software house SAP. The company dismissed both suggestions.

Analysts said, however, that operating losses of about DM500m seemed "reasonable" in the light of the DM380m loss reported for the first six months of the year.

The company has found the going hard since it was formed in January 1990, when Siemens took over Nixdorf to save it from collapse. It has struggled for longer – and at greater expense – than expected to integrate the two businesses, while at the same time coping with recession and fierce competition in the computer market.

Nine months ago, Mr Karl-Hermann Baumann, finance director, said he hoped Siemens-Nixdorf would break even this year after an operating loss of DM800m in 1989-90.

In March, the company admitted that a break-even point would not be reached this year.

Restructuring charge will push Colgate into the red

By Martin Dickson in New York

COLGATE-Palmolive, the US household products group which has been extensively restructured in recent years, yesterday announced plans to close or reconfigure 25 of its 91 factories around the world and cut its labour force by a further 2,000, or 8 per cent.

The move will mean an after-tax charge of $243m and push it into the red for the third quarter.

Mr Reuben Mark, chairman of the second largest US household products group, said the rationalisation would allow the company to capitalise on the European Community's move to a single market and the free trade agreement between the US and Canada.

It would also enable it to benefit from more sophisticated and efficient manufacturing techniques and consolidation opportunities created by several recent acquisitions around the world.

Mr Mark, chairman for the past six years, has been widely praised for turning it from a sleepy, inefficient business into one with annual earnings per share increases averaging 17 per cent.

The driving force behind this has been an improvement in profit margins by consolidating manufacturing and distribution, investment in new plants and sales of peripheral activities.

The company said the latest round of restructuring was designed to ensure "its growth momentum continues and its 1991-95 profit goals are reached or exceeded." Savings generated by the reshape would help finance new product launches and other initiatives.

The company did not estimate the size of the third-quarter loss, but in the same period of last year it made $84.4m, or $1.20 a share. The $243m charge will work through at $1.81 per share.

In the first half of this year it reported net income of $184.6m, or $1.31 a share, up 13 per cent, on sales of $3bn. Mr Mark said yesterday that the outlook for the rest of 1991 was positive.

The company said the plant rationalisation would be carried out over the next three years and would mainly affect Europe, North America and the South Pacific.

The plans included the transfer of Canadian production of powder detergents, liquid cleaners and bar soaps to the US, although the company would continue to produce high volume household and personal care products in Canada.

It would also be closing a plant at Queluz, in Portugal, and integrating its facilities with those recently acquired as part of its Quimigal joint venture, which more than doubled Colgate-Palmolive's presence in the country.

The company would be closing its manufacturing complex at Liege in Belgium and rationalising various Australian operations.

Sweden postpones TV vote

By Robert Taylor in Stockholm

THE SWEDISH government decided late on Wednesday to postpone the decision over franchises for the country's *first terrestrial commercial* television channel until after Sunday's general election.

Earlier, a parliamentary committee gave its approval to Kinnevik , the investment company owned by Mr Jan Stenbeck, to run the new channel. At present, it is responsible for the Swedish satellite commercial channel TV3.

The decision, however, attracted immediate criticism for being taken on narrow party lines only four days before the general election. As a result of the uproar, the government agreed not to endorse the decision.

The rival TV4 company, controlled by the Wallenberg finance company Patricia, the Swedish white-collar pension fund SPP, and the farmers co-operative LRF, still has a chance of being involved.

Statoil takes east German stake

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, has bought a 5 per cent stake in Verbundnetz Gas, eastern Germany's gas monopoly, for about NKr195m ($29.4m).

The Leipzig-based company owns and operates 8,300 kilometres of gas transportation pipelines and seven gas storage facilities, and employs a staff of 1,700. It buys natural gas and sells directly to commercial end-users as well as transporting gas to end-users.

Mr Snorre Jensen, a spokesman for Statoil, said although consumption of primary energy in the part of Germany where the company operated had recently decreased, Statoil was confident it would increase towards the mid-1990s, after a restructuring in the east German industry.

"Treuhandanstalt [the German privatisation agency] offered us the stake in January. We consider this a very good business opportunity for Statoil's gas business," he said.

Statoil is one of Europe's biggest gas producers and suppliers. Total gas sales in 1990 reached 3.1bn cubic metres.

The company also heads the Norwegian Gas Negotiating Committee (GFU), which markets and sells gas on behalf of Norway. Last year, total Norwegian gas sales reached 25bn cubic metres.

In 1990, the Statoil natural gas business unit had an operating profit of NKr2.94bn.

US consultancy group buys Indevo

ALEXANDER Proudfoot, the US consultancy firm, has bought Indevo, Sweden's leading consultancy concern. The deal ends a year-long search by Indevo to find an international parent company after its proposed merger with Bain & Co collapsed last year, writes John Burton in Stockholm.

The failure of the Bain merger created financial problems for Indevo's 70 partners, who had staged a SKr305m ($49.4m) management buy-out of the firm as a step toward transferring ownership to Bain.

The resulting debt burden forced Indevo's owners to file for bankruptcy protection earlier this year, and seek a new buyer.

"As a result of the agreement, we have achieved our earlier goal of gaining a big international market for Indevo while finding a financially and professionally strong owner," said Mr Ulf Hubendick, Indevo president.

Indevo, which claims a fifth of the Swedish management consultancy market, will change its name to Indevo Proudfoot Scandinavia. Proudfoot already operates in more than 30 countries.

The Nordic consultancy sector has been hurt by the recession, and analysts had predicted that international firms would take advantage of the situation to strengthen their position in the Nordic market.

Recovery in non-life sector helps lift Fortis to Ecu177m

By Andrew Hill in Brussels

FORTIS, the Dutch-Belgian financial services group formed last year through a merger between the insurance companies Amev and Groupe AG, pushed up profits by nearly 11 per cent to Ecu177m ($208.86m) after tax in the first half of 1991, against Ecu160m in the equivalent period.

The group said it was cautious about issuing a full-year profit forecast at this stage, because of the difficulty of predicting profits from gains on investments. However, it expected profit for 1991 at least to match the Ecu393m net result for 1990, barring exchange-rate fluctuations and unforeseen circumstances.

Groupe AG, Belgium's largest insurance company, and Amev, the third largest Dutch insurer, formally merged in December, creating Europe's 12th largest insurer with 20,000 employees, mainly in Europe and the US. Each company took on a 50 per cent stake in Fortis, and they retained their separate stock market listings.

Total income for Fortis rose from Ecu3.24bn to Ecu3.59bn in the first half, and operating profits rose nearly 15 per cent to Ecu153m, against Ecu133m.

Fortis said yesterday the results had been boosted by a technical recovery in the non-life sector, excluding accident and health insurance.

In the first six months of 1990, that sector lost Ecu19.1m following the severe storms across western Europe.

Most of the benefit of the recovery from last year's storms was taken in the first quarter of 1991, when Fortis announced a rise in profit of 31 per cent, with non-life losses recovering from Ecu27m to Ecu3.8m.

Banking sector results also improved in the first half, mainly because of higher interest margins in the Netherlands. The company increased profit in banking activities from Ecu16.3m to Ecu22m.

Non-life still lost Ecu7.1m in the six months to June 1991, partly due to disappointingly poor results from the UK non-life operations and a decline in fire and motor insurance business. Fortis said that if the storm factor were excluded from the 1990 results, the sector's performance had deteriorated in the first half.

The group said life insurance operations in the UK had also turned in an "unsatisfactory" performance in the first half, but better results in the Netherlands and the US helped boost the overall profit for life insurance activities from Ecu56.2m to Ecu62.4m.

Accident and health insurance also improved, returning profits of Ecu23.4m (Ecu21.7m), an increase of 8 per cent.

INTERNATIONAL COMPANIES AND FINANCE

IBM quickens pace in mainframe computers

Slack demand for mainframe computers has prompted a vicious price war, with discounts of 40 to 50 per cent, writes Louise Kehoe. Competitors now hope that pricing pressure will recede as IBM focuses on selling its new product line.

INTERNATIONAL Business Machines' competitors were the first to welcome this week's announcement that the US computer group was making important additions to its new generation of mainframe computers.

IBM's mainframe competitors hope the announcement will resolve the uncertainty that has seriously disrupted the computer market for the past year.

IBM's introduction of a new generation of mainframe computers began last September with the announcement of its Enterprise Systems/9000 family of products. The highest performance models of this new range are just beginning to reach customers. Now IBM has added seven new models spanning the middle of the mainframe performance range.

The transition to its new generation of mainframes has stalled the computer market, as customers waited to assess the new models before making purchase decisions. The sales slump, affecting all mainframe companies, has been compounded by recession in the US and Europe.

As the mainframe market leader, IBM has suffered more than most from this market slowdown. Its revenues declined by 8 per cent in the first half of this year while profits took a 74 per cent plunge. Industry analysts have been predicting that IBM may this year record its first annual revenue drop since 1946.

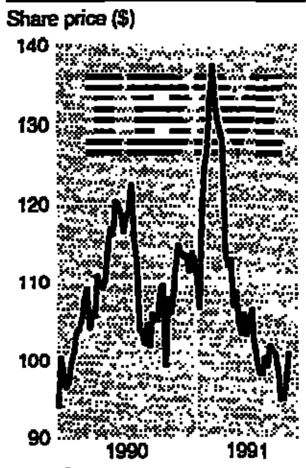
Slack demand for mainframe computers has also prompted a vicious price war, with widespread price discounts of 40 to 50 per cent. Competitors now hope that pricing pressure will recede as IBM focuses on selling its new product line.

"We have seen some stabilising of price declines over the past few weeks and we are hopeful that this will stick," said an official at Hitachi Data Systems, a manufacturer of IBM plug-compatible mainframe computers.

Plug-compatible computer makers, such as HDS and Amdahl, are gaining ground on IBM in the mainframe marketplace and have been able to rapidly replicate the performance and features of IBM's latest computer products.

Both companies have already announced computers that match some models of IBM's ES/9000.

Nevertheless, IBM maintains an overwhelming 85 per cent share of the "compatible" mainframe market. In the US and European markets, it is by far the mainframe market leader with few challengers, while in Japan, where it faces a more difficult market environment, it remains one of the leading mainframe suppliers.



Source: Datastream

Among IBM's most pressing competitors in the mainframe computer market are those who sell second-hand IBM computers. Its sales force now has the task of persuading customers that the advantages of the latest computers are such that they are worth almost two times the price of a "reconditioned" older, IBM model with similar performance.

With its new product introductions – encompassing more than 100 related software and service products – IBM has also confronted the challenge that "open systems", based on industry standard software, pose to its base of proprietary mainframe computer software.

Bowing to pressure from its customers, IBM said it intended to offer a version of AT&T's popular Unix computer operating system program, to run on its mainframe computers.

IBM officials also placed new emphasis on the company's determination to provide links between its own computers and those from other manufacturers. "A company's information system today can contain hardware and software of all sizes from many different vendors," said Mr William O. Grabe, IBM vice-president.

IBM's goal is to offer software and support services that will link all of its computers and those from other manufacturers on "enterprise networks" spanning distant corporate facilities.

It also announced a concept, called the Information Warehouse, in a bid to secure the role of the mainframe computer in the midst of challenges from smaller, lower cost computers. This scheme places the mainframe computer at the centre of a corporate network as the data communications manager.

Nestled among IBM's slew of new products were some that could have a positive short-term impact on the company's financial performance. Industry analysts pointed in particular to IBM's announcement of new mainframe computer data storage systems with up to 50 per cent more capacity than current models.

The group has marshalled its wealth of technical and marketing resources in a determined effort to quicken the pace in the computer market and it will certainly need all of them to counter the broad economic trends that are slowing sales throughout industry.

Japan's brokers forced to trim advertising at a critical time

By Emiko Terazono in Tokyo

JAPANESE securities companies, hit by a spate of stock scandals, are being forced by sharp declines in profits to scale down their advertising efforts at a time when they need to brighten their tarnished image and restore investor confidence.

Nikko and Daiwa Securities said that advertising costs for the second half to March 1992 were expected to be cut by 20 per cent more than they had previously projected.

Nikko Securities said that it would also cut its budget for advertising in overseas newspapers and magazines.

Surveys by Japanese newspapers have indicated that the brokers' pre-tax profits for the half-year to September may fall by as much as 100 per cent. Sharp declines in trading volumes on the Tokyo Stock Exchange are affecting commission revenues, which are the mainstay of the brokers' business.

Ever since the scandals surfaced in July, the big four securities companies – Nomura, Daiwa, Nikko, and Yamaichi – and other medium-sized houses have been keeping a low profile and refraining from advertising in local newspapers and television.

According to Video Research, a marketing research company, five leading private TV networks ran 646 advertisements for 23 houses during the month of July, down from 1,369 for 37 houses in the same month last year.

Brokerages say that although they hope to resume advertising around October, the squeeze on profits will force them to scale down their campaigns.

Last year, the securities industry spent an estimated Y50bn ($371.1m) on advertising, led by Nomura Securities, which spent Y10bn.

Smaller securities houses, which rely heavily on trading commissions from individual clients, are expected to post losses for the interim period. Some have already withdrawn advertising from the media altogether.

Meiko Securities stopped running television commercials at the start of the year, and Sanyo Securities cut its advertising budget by Y1bn to Y1.1bn this fiscal year.

Kankaku Securities said that it had stopped sponsoring a popular prime time television news show.

"Although we want to do what the larger houses are doing, and try to recover consumer confidence through new "image commercials", cutting down on costs is our first priority," a company spokesman said.

Terminator 2 sets box office records

By Karen Zagor in New York

CAROLCO, the US film production company, expects its *Terminator 2: Judgment Day* to be one of the top grossing motion pictures ever made.

In an industry renowned for big spending on unpredictable products, Carolco stands out for what it pays its star actors, directors and writers. The Los Angeles-based company is believed to have spent close to $100m to make the latest *Terminator*, starring Arnold Schwarzenegger.

The investment appears to have been fruitful, with Carolco expecting to gross more than $425m worldwide, while breaking box office records in the UK, Japan and Australia.

In the UK, Carolco said the film grossed $21m in 25 days and is likely to surpass all other films released this year.

Terminator 2 had a record opening weekend in the UK and also set a world record for the biggest weekend in one theatre at the Odeon Leicester Square in London.

However, it is unclear exactly how much of the proceeds will end up in Carolco's coffers. It is standard practice in the motion picture industry to sell off foreign distribution rights in exchange for cash to make films. However, analysts believe Carolco has more control of its distribution than Orion, which has also produced a number of hits this year while edging close to bankruptcy because of cash flow problems.

Carolco's strategy has not always been successful. It has produced a number of commercial disappointments, with domestic film rentals falling below production costs for several films. In the first quarter of this year, Carolco posted a loss of $6.3m.

AHP and Eisai form joint venture

By Karen Zagor in New York

AMERICAN Home Products (AHP), one of the leading US manufacturers of prescription drugs, is creating a new company in Japan in a joint venture with Eisai, a Tokyo-based maker of prescription and over-the-counter drugs.

The announcement came a week after Searle said it would take a 12.25 per cent stake in Tokyo-based Hokuriku Seiyaku. Analysts believe there is a growing trend of alliances between US and Japanese pharmaceuticals companies.

According to Mr Sam Isaly, an analyst at Mehta & Isaly in New York, Japanese companies are seeking to forge international links to spur growth, while US companies are trying to expand their presence in Japan, the world's second biggest drugs market.

AHP and Eisai will form a new corporation, Wyeth-Eisai, with a combined sales force of 1,200 people to promote the joint-venture products.

AHP will provide marketing, sales, clinical research and development and administrative staff, partly through its wholly-owned Japanese subsidiary, Wyeth (Japan).

Eisai will contribute several products to the venture, including its Clinimeal nutritional supplement. The Japanese company will also provide management expertise.

As part of the deal, AHP will provide Eisai with regulatory and developmental assistance in the US and Canada.

AHP had 1990 pre-tax income of $1.8bn on sales of $6.7bn, while Eisai had 1990 sales of about Y205.5bn ($1.4bn).

The new company is expected to have first-year sales of Y10bn ($74m), with about 60 per cent coming from products currently sold by Wyeth (Japan) and about 40 per cent from Eisai products transferred to the new company.

Wyeth-Eisai will have capitalisation of Y2bn, with 49.9 per cent held by Eisai and 50.1 by AHP.

Normandy Poseidon 38% ahead

By Kevin Brown in Sydney

NORMANDY Poseidon, Mr Robert Champion de Crespigny's Australian resources group, yesterday announced a 38 per cent increase in net profits to A$23m (US$18.1m) for the year to the end of June.

The results include a full-year contribution from Normandy Resources, but only two months' earnings from Poseidon, following the merger of the two companies in May.

The group said pre-tax profits had increased by 45 per cent to A$33m, on turnover up to A$59m from A$50m. However, it said comparisons with last year were not meaningful because of the merger.

Mr Champion de Crespigny said the pre-tax figure would have been A$81m if the merger had taken place in July last year, but warned that "this number was of interest only for comparison purposes, as next year's result will depend on the economy, the price of gold and exchange rates.

Australia's gold sector has become increasingly depressed in recent months as gold prices have fallen and profits on gold production have become liable to corporate taxation.

The industry is also concerned about access to land for exploration and development. Normandy said it had managed gold production of 721,803 ounces during the year.

The group also said it had achieved record diamond production of 959,511 carats, compared with 789,283 carats in the previous year. Other developments included a significant oil discovery by a wildcat well in Papua New Guinea operated by Command Petroleum, in which Normandy has a 33 per cent interest.

The board maintained the dividend of 7.5 cents a share. Normandy Poseidon shares closed 4 cents down at A$1.10 on the Australian Stock Exchange before the profits announcement.

Anglovaal Industries leads R785m cash call

By Philip Gawith in Johannesburg

ANGLOVAAL Industries (AVI), the industrial arm of the Anglovaal group, has announced that it and two of its subsidiaries will launch rights issues of convertible debentures to raise R785m (US$276.9m).

AVI will be raising R388m, Consol R300m and Irvin and Johnson (I&J) R97m.

The announcement coincides with the release of AVI's results for the year to June 30. The company said its attributable earnings had increased 13 per cent to R234.1m, while turnover had risen 14 per cent to R7.39bn. Operating profit was also 14 per cent higher at R722.3m.

The rights issues are aimed more at taking advantage of market conditions than in anticipation of any significant expansion or acquisitions.

Mr Basil Hersov, AVI's chairman, said an improvement in earnings was expected in the year ahead.

The dividend was lifted 11 per cent to 150 cents a share.

● Safren, the South African holding company with large interests in the transport and leisure sectors, lifted attributable earnings by 16.7 per cent to R302.4m in the year to end-June. Turnover was 9.2 per cent up at R4.36bn.

1500	21.05	19.16	21.55
1530	17.74	18.75	21.14
1600	23.82	18.75	21.14
1630	23.96	18.76	21.14
1700	24.07	18.63	16.63
1730	22.74	18.40	20.77
1800	22.52	18.40	20.76
1830	20.67	18.39	20.78
1900	20.66	18.39	20.76
1930	20.67	18.54	18.54
2000	25.97	18.54	18.54
2030	26.96	18.78	21.17
2100	25.97	21.22	23.68
2130	20.66	21.22	23.68
2200	20.65	21.22	23.66
2230	18.52	18.03	20.41
2300	18.19	16.99	19.34
2330	18.19	16.39	18.34
2400	18.19	16.99	19.35

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.99/MWh becomes 1.899p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

192	219	241	324	395	470	552	583	612
614	634	695	699	762	779	808	810	947
1026	1047	1084	1091	1106	1240	1275	1298	1305
1313	1423	1441	1477	1542	1682			

09	11	15	23	25	28	30	32
34	37	44	50	51	52	58	61
66	67	75	78	83	86	89	90
99							

3	103	603	903	1003	1203	1303	1503
1603	1703	1803	1903	2003	2103	2203	2303
2403	2503	2603	2703	2803	2903	3003	3103
3203	3303	3403	3503	3603	3703	3803	3903
4103	4203	4303	4403				

INTL COMPANIES AND CAPITAL MARKETS

Mandarin Oriental slips 23% to $17.4m

By Angus Foster in Hong Kong

MANDARIN Oriental, the hotel group controlled by Jardine Matheson, yesterday blamed a 23 per cent fall in interim net profits on increased competition and stagnant tourism in Hong Kong.

Mandarin is the first of the Jardine group to announce interim profits. Retailer Dairy Farm will announce results today, with other companies in the group following next week.

Mandarin said profits after tax and minority interests had fallen to US$17.4m in the six months to the end of June, compared with $22.6m in the same period last year. Turnover also declined slightly to $59.1m from $60.8m last time.

The company is maintaining its interim dividend at 1.41 cents a share.

The flagship Mandarin Oriental Hotel in Hong Kong faced increased competition because three new luxury hotels opened in central Hong Kong last year. A fourth is due to open later this year.

Mandarin's hotels in Singapore, San Francisco and Bangkok were affected by weak market conditions due to the Gulf war and recession.

Mr Simon Keswick, chairman, said booking levels for the company's hotels have improved. "The second half of the year will show an improvement over the first six months. Nevertheless, the full year's results are expected to fall below those of 1990," he said.

Mandarin's profits in 1990 fell 10.3 per cent to $45.2m.

● San Miguel Brewery, the Hong Kong subsidiary of San Miguel Corporation, the Philippine food and drinks company, said net profits had fallen 10 per cent to HK$54.4m (US$7m) for the first eight months of the year.

The company was affected by weak consumer demand and high inflation.

Coles Myer stagnates in spite of deep cost cuts

By Kevin Brown in Sydney

COLES MYER, Australia's biggest retailing group, yesterday reported a 0.85 per cent increase in net profits to A$368m (US$291.1m) for the year to the end of June, confirming the depth of Australia's recession.

The flat result was in spite of a deep cost-cutting programme which led to the loss of the equivalent of more than 10,000 full-time jobs.

Mr Brian Quinn, chief executive, said the result was "pleasing" in view of the recession and high unemployment in Australia and New Zealand, the group's two main markets. He said it had been achieved in spite of some of the worst trading conditions experienced by the group.

Mr Quinn forecast little improvement in the economy before Christmas. "Our view is that we are really on the bottom [of the recessionary trough] now, but perhaps getting off the bottom is going to take a little longer," he said.

He also warned that Coles Myer may have to make more staff redundant unless trading conditions improve quickly next year. He said a recent 1 per cent easing of monetary policy had been "helpful", but called for a further easing to stimulate economic activity.

However, the group said efforts to trim costs and introduce new technology had put it in "an excellent position" to benefit from any recovery.

At the operating level, profits increased by 2.47 per cent to A$569m, on turnover up 1.46 per cent to A$14.94bn.

The directors declared an unchanged final dividend of 16 cents, making a total of 37 cents a share, fully franked, also unchanged.

Renouf posts NZ$61.6m loss

RENOUF, the diversified New Zealand company, has posted a NZ$61.6m (US$35.9m) loss for the year to end-June, compared with a NZ$1.1m profit last year, writes Terry Hall in Wellington.

Mr Andrew Strange, managing director, said yesterday that the future of the company was more dependent than ever on the goodwill of its bankers, who recently made a second extension of a debt moratorium until December 13.

Mr Strange said that a 64.9 per cent reduction in shareholders' funds to NZ$33.3m inevitably placed the company's future in doubt.

Most of the loss came from the collapse of Renouf Properties, after banks refused to continue to support it.

US bonds rise sharply on favourable inflation data

By Patrick Harverson in New York and Sara Webb in London

A BETTER-than-expected producer prices figure pushed US bond prices sharply higher yesterday morning as hopes rose for an interest rate cut by the Federal Reserve.

By midday, the benchmark 30-year government bond was up 11/32 at 101 19/32, yielding 7.953 per cent. The two-year note was also firmer, up 1/8 at 100 11/32, to yield 6.168 per cent.

GOVERNMENT BONDS

Prices had opened firmer before the inflation data, but took off when the Labor Department announced that producer prices rose by just 0.2 per cent in August and core producer prices (minus food and energy) also rose by 0.2 per cent.

Analysts had been expecting a rise of 0.3 per cent in both categories, and the figures immediately sparked buying on speculation that the data would persuade the Fed that there was room for a cut in the discount rate from 5.5 per cent to 5 per cent.

Although there was no response from the Fed – and comments from Mr Wayne Angell, a governor at the Fed, suggested that the central bank would like to see further improvements in inflation before easing policy – most market professionals believe that interest rates will be cut, possibly after today's consumer prices data are released.

A rise of 0.4 per cent is expected in consumer prices – anything less and the chances of a Fed ease will rise appreciably.

■ UK government bonds rallied strongly on news that the increase in average earnings fell sharply in the year to July.

The underlying annual rate of increase in average earnings in Britain fell to 7.5 per cent in July from 8 per cent in June. One trader said the gilt market had expected an increase of between 8 and 8.25 per cent for the year to July, and that the earnings data was seen as "very bond-positive, especially at a time when wage settlements are coming down". The market will focus on today's Retail Price Index for confirmation of a fall in inflation, which is expected to be between 4.2 and 4.5 per cent.

Long-dated gilt prices increased by about half a percentage point with the result that the yield curve became more inverted. The benchmark 11¾ per cent gilt due 2003/07 rose to 114¼ from its opening price of 113 23/32, to yield 9.64 per cent.

Short-dated gilts rose slightly, underpinned by hopes of a further cut in the base rate over the next month.

News that unemployment in Britain has risen to a seasonally adjusted 8.5 per cent of the workforce in August from 8.3 per cent in July had little effect on the market as it was in line with expectations.

■ JAPANESE government bonds rose to new highs again amid expectations of a cut in interest rates.

Prices rose across the range of maturities, with the benchmark 10-year JGB moving to a new high since the start of 1990, to yield 6.135 per cent.

The yield on the No 129 benchmark bond opened at 6.17 per cent and closed at 6.14 per cent, on a relatively low volume of Y563bn.

Short-term interest rates shifted down yesterday, with the overnight unsecured call money rate trading at 6 13/16 per cent, compared with 7 per cent the previous day.

Traders pointed out that call money rates tend to ease slightly towards the end of the reserve maintenance period, adding that attention will focus on whether the call money rate falls further next week at the start of the new reserve maintenance period.

■ FRENCH government bonds closed higher, following the US Treasury bond market's lead.

The September bond future traded up to 106.66 on thin trade, up from Wednesday's close of 106.46.

The 9.5 per cent bond due 2001 rose to 103.85 to yield 8.86 per cent, compared with 103.54 at Wednesday's close.

■ THE YIELD spread over the latest German bund due 2001 narrowed from 49 basis points to 46 basis points. German government bonds barely moved yesterday morning, but made small gains on the US Treasury bond market's rally.

The Liffe bund futures contract, which opened at 85.33, moved to a high of 85.48 before slipping back to 85.45.

■ ITALIAN government bonds continued to rally, boosted by heavy foreign buying and hopes of falling interest rates in the international markets. Foreign investors hope to have the withholding tax on their coupon payments reimbursed, thereby increasing the attractiveness of the Italian bond market.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.1652	+0.128	10.66	10.69	10.66
BELGIUM		9.000	06/01	98.8000	+0.200	9.18	9.23	9.34
CANADA *		9.750	12/01	101.4750	+0.300	9.52	9.67	9.78
DENMARK		9.000	11/00	99.0750	-	9.14	9.20	9.33
FRANCE	BTAN	8.500	11/96	97.7727	+0.060	9.04	9.12	9.27
	OAT	9.500	01/01	103.8400	+0.300	8.86	8.96	9.10
GERMANY		8.750	08/01	102.1600	+0.040	8.42	8.45	8.51
ITALY		12.500	03/01	99.3100	+0.520	13.02	13.29	13.47
JAPAN	No 119	4.800	06/99	91.4084	+0.262	6.46	6.55	6.84
	No 129	6.400	03/00	101.5684	+0.398	6.12	6.28	6.47
NETHERLANDS		8.500	03/01	98.0700	-	8.80	8.77	8.87
SPAIN		11.900	07/96	101.3000	+0.250	11.49	11.55	11.93
UK GILTS		10.000	11/96	101-15	+05/32	9.63	9.80	10.10
		10.000	02/01	102-09	+12/32	9.63	9.81	10.05
		9.000	10/08	96-09	+18/32	9.44	9.64	9.80
US TREASURY *		7.875	08/01	101-11	+12/32	7.68	7.83	7.94
		8.125	08/21	101-27	+22/32	7.96	8.08	8.20

London closing. *denotes New York morning session. Yields: Local market standard
Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

Italian bond trade hits fresh peak

TURNOVER on the screen-based Italian bond market soared to a record of L10,679bn, breaking the previous L9,040bn peak set on Tuesday, Reuter reports from Milan.

Volumes and prices surged in trading boosted by heavy foreign buying, active futures trading on the Paris Matif and the expected reimbursement of a 12.5 per cent withholding tax on paper held by foreigners.

Volume on the Matif also touched a fresh peak.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6.05 pm on September 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	102½	103	-⅛	7.01
ALBERTA PROVINCE 9 3/8 95	600	106	106¼	+⅛	7.61
AUSTRIA 8 1/2 00	400	101¼	101⅝	-⅛	8.27
BANK OF TOKYO 8 3/8 96	100	100⅞	101⅜	-⅛	8.12
BELGIUM 9 5/8 98	250	107¼	107½		8.21
BFCE 7 3/4 97	150	99⅝	100		7.82
BNP 8 5/8 94	300	103½	103⅞		7.23
BP CAPITAL 9 5/8 93	150	103¼	103⅝		7.05
CANADA 9 96	1000	105½	105⅞	+⅛	7.48
CARCO 9 1/4 96	650	101¼	102	-⅛	8.92
CCCE 9 1/4 95	300	105½	105⅞		7.37
COUNCIL EUROPE 8 96	100	100⅞	101¼	-⅛	7.77
CREDIT FONCIER 9 1/2 99	300	107	107¼	-⅛	8.19
DENMARK 0 98	250	57⅝	58¼		8.32
DENMARK 8 1/4 94	150	103¼	103½	+⅛	7.03
ECSC 8 1/4 96	193	102½	102⅞	-⅛	7.67
EEC 7 1/4 93	250	100⅝	101	-⅛	6.75
EIB 7 3/4 96	250	101¼	102	+⅛	7.36
EIB 9 1/4 97	1000	105⅞	106¼	+⅛	8.00
ELEC DE FRANCE 9 98	200	104⅞	105¼	+⅛	7.99
EUROFIMA 9 1/4 96	100	104¼	104⅞	-⅛	8.03
EXPORT DEV CORP 9 1/2 98	150	106⅞	107¼	+⅛	8.14
FINLAND 7 7/8 97	200	100	100½	+⅛	7.86
FINNISH EXPORT 9 3/8 95	200	105¼	105⅝	-½	7.82
FORD MOTOR CREDIT 9 1/2 93	300	103¼	103⅝	-⅛	7.82
GEN ELEC CAPITAL 9 3/8 96	300	105½	105⅞	-⅛	7.89
GMAC 9 1/8 96	200	103¼	103⅞	+⅛	8.21
HALIFAX 9 1/2 93	200	103½	104	-⅛	7.29
IBM WORLD TRADE 7 5/8 93	150	101¼	102	+⅛	6.84
IND BK JAPAN FIN 7 7/8 97	200	98⅝	99	+⅛	8.17
INTER AMER DEV 7 5/8 96	200	99½	100	-⅛	7.75
ITALY 8 1/2 94	1500	103⅝	103⅞		7.15
JAPAN DEV BK 8 94	150	102¼	102½		7.08
KANSAI ELEC PWR 10 96	350	107⅞	108¼	+⅛	7.88
LTCB 8 5/8 93	150	101⅞	102¼		7.20
NEW ZEALAND 8 93	150	101½	102		7.04
NIPPON CRED BK 9 3/4 93	150	104⅛	105	+⅛	7.33
NIPPON TEL & TEL 9 3/8 95	200	105	105⅜	-⅛	7.65
NORDIC INV BANK 9 93	200	103⅝	104	+⅛	6.77
ONTARIO HYDRO 11 5/8 94	200	109	109¼	-⅛	7.36
OSTER KONTROLLBANK 8 1/8 93	200	102¼	102½	-⅛	6.56
PETRO-CANADA 7 1/4 96	200	98⅛	98⅝	+⅛	7.73
PRUDENTIAL RLTY SECS 0 99	365.216	53⅞	54⅜	+⅛	8.79
QUEBEC HYDRO 9 3/4 98	150	106½	107		8.51
QUEBEC PROV 9 98	200	102⅝	103		8.50
SAINSBURY 9 1/8 96	150	104½	104⅞	+⅛	8.00
SAS 10 99	200	102⅞	103⅜	-⅛	9.45
SBAB 9 1/2 95	500	105⅛	105⅝	-⅛	7.72
STATE BK STH AUST 9 1/4 93	100	103	103⅜		6.89
SUMITOMO BK CAP MKT 9 3/8 93	150	103⅝	104⅛	-⅛	7.50
SWEDEN 8 1/8 94	150	101	101½	-1⅛	7.70
SWEDISH EXPORT 9 5/8 93	100	103⅝	104⅛		6.78
TOKYO METROPOLIS 8 1/4 96	200	101¼	101¾	-⅛	7.81
WORLD BANK 8 3/8 99	1500	102⅜	102⅝		8.17
WORLD BANK 8 3/4 97	1500	104⅞	105⅛		7.79
XEROX CORPN 8 3/8 96	100	99¼	100¼	+1⅛	8.56

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPROVEN 11 1/8 95	200	101½	101¾	+⅛	10.64
BULGARIAN TRADE BK 8 1/2 96	300	86½	86¾	+⅛	12.27
DEUTSCHE BK FIN 5 5/8 96	750	89⅝	89⅞		8.44
DEUTSCHE FINANCE 7 1/2 95	1000	97⅝	97⅞		8.40
EIB 5 3/4 98	400	86½	86⅞		8.51
EIB 6 7/8 95	300	94⅝	94⅞	+⅛	8.52
EUROFIMA 6 1/4 96	400	88⅝	88⅞	+⅛	8.47
FERRO DEL STAT 5 3/8 93	500	95½	95⅞		9.04
FIRST INTERSTATE 5 3/4 96	100	82⅝	82⅞		10.62
IND BK JAPAN FIN 5 5/8 96	200	87⅝	87⅞	-⅛	8.96
IND DEV BK INDIA 6 3/8 96	200	89⅝	89⅞	+⅛	10.14
LUFTHANSA INT FIN 5 7/8 98	500	85⅛	85⅝	-⅛	8.77
NAT BK HUNGARY 8 96	200	90⅜	90⅞	+⅛	10.50
QUEBEC HYDRO 6 3/4 99	300	90	90½	-⅛	8.59
SWEDEN 6 1/8 98	300	88⅝	88⅞		8.51
VENEZUELA 8 1/4 93	100	95⅛	95⅜	-⅛	10.79
WORLD BANK 0 15	2000	16⅛	16⅜	-⅛	7.77
WORLD BANK 5 3/4 96	300	89⅝	89⅞	-⅛	8.64
WORLD BANK 7 1/8 95	500	96⅛	96⅜	+⅛	8.48

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	88½	90	+⅛	7.11
AUSTRIA 4 5/8 98	100	88⅛	89	+⅛	6.84
CHUJITSUYA 7 3/4 95	50	100⅛			7.60
COUNCIL EUROPE 4 3/4 98	250	87⅝	88¼	-⅛	7.19
EEC 5 1/2 00	100	90	91	-⅛	7.01
EIB 5 3/4 93	100	97½	98		7.04
ELEC DE FRANCE 7 1/4 06	100	102¼	103		6.96
FINLAND 5 3/8 95	150	95¼	96½		6.65
GENERAL MOTORS 7 1/2 95	100	101	101½	+⅛	7.15
JAPAN DEV BK 5 1/2 94	100	96½	97	+⅛	7.11
KOBE 6 3/8 01	240	97	97½	-⅛	6.80
NEW ZEALAND 4 7/8 99	200	86⅛	87		7.24
QUEBEC HYDRO 5 08	100	76½	77½		7.53
WORLD BANK 5 03	150	84	85		7.03
WORLD BANK 7 01	600	101	101½		6.79

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	96¼	97	+⅛	6.27
CREDIT FONCIER 5 1/4 94	20000	96½	97	+⅛	6.46
DENMARK 7 95	40000	102¼	102½	+⅛	6.23
EIB 4 5/8 94	40000	96¼	96½	+⅛	6.19
FINLAND 6 3/4 96	50000	101⅛	101⅜	+⅛	6.31
GENERAL ELECTRIC 5 3/4 93	35000	98⅝	99⅛	+⅛	6.59
INTER AMER DEV 7 1/4 00	30000	105⅞	106⅛	+⅛	6.34
KANSAI ELEC PWR 4 5/8 94	60000	96	96¼	+⅛	6.31
NIPPON TEL & TEL 5 7/8 96	50000	98¼	98⅝	+⅛	6.32
NORWAY 5 1/8 95	50000	96⅛	96⅜	+⅛	6.24
SNCF 6 3/4 00	30000	102⅜	103	+⅛	6.31
SWEDEN 5 5/8 95	20000	97¼	98⅛	+⅛	6.27
WORLD BANK 6 3/4 00	50000	103	103¼	+⅛	6.28

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.48
KREDIETCORP 7 93 LFr	1000	95⅛	96⅛	+⅛	9.68
WORLD BANK 8 96 LFr	1000	95⅛	97½	+⅛	9.15
UNILEVER 9 00 Fl	500	102	102½		8.66
BCE INC 9 5/8 93 C$	300	100	100½		9.55
BELL CANADA 10 5/8 99 C$	150	101⅛	101⅞	-⅛	10.35
BRITISH COLUMBIA 9 1/4 93 C$	150	99⅞	100¼	-⅛	9.46
EIB 10 1/8 98 C$	130	100	100½		10.10
ELEC DE FRANCE 9 3/4 99 C$	275	98⅛	98⅝		10.10
FORD CREDIT CANADA 10 94 C$	100	98⅞	99⅛	-⅛	10.45
GENERAL ELECT CAP 10 1/4 93 C$	175	101½	102	+⅛	9.40
ONTARIO HYDRO 10 7/8 99 C$	500	102½	102⅞		10.38
OSTER KONTROLLBANK 10 1/4 99 C$	150	101	101½		10.05
QUEBEC PROV 10 1/2 98 C$	200	100⅞	101⅛		10.30
ROYAL TRUSTCO 10 1/4 93 C$	100	99⅛	100⅛	-⅛	10.43
SWEDEN 9 3/4 93 C$	250	100⅞	101⅛	-⅛	9.26
BELGIUM 9 1/8 96 Ecu	1250	100⅛	100⅜	+⅛	8.92
CNT 7 3/8 93 Ecu	250	95⅛	96⅛	+⅛	10.13
CREDIT LYONNAIS 9 96 Ecu	125	95⅛	97⅛	-1⅛	10.16
DENMARK 7 5/8 96 Ecu	250	91⅛	92⅛	-⅛	10.03
EEC 7 5/8 94 Ecu	200	96⅝	97⅛	+⅛	9.18
EIB 10 97 Ecu	1125	104⅛	104⅞	+⅛	8.84
ITALY 10 3/4 00 Ecu	1000	109⅛	109⅞	+⅛	9.05
UNITED KINGDOM 9 1/8 01 Ecu	2750	101⅛	101⅝	+⅛	8.87
BP AMERICA 12 1/4 96 A$	100	103⅛	103⅞	+⅛	11.20
COMM BK AUSTRALIA 13 3/4 99 A$	100	110⅛	110⅞	+⅛	11.68
COUNCIL EUROPE 13 93 A$	50	101⅛	102⅛	-½	11.50
EKSPORTFINANS 12 3/8 95 A$	75	103⅛	104⅛		11.09
FORD CRED AUST 13 93 A$	50	101¼	102⅛	+⅛	11.90
MCDONALDS CANADA 15 95 A$	100	109⅛	109⅞		11.75
NAT AUSTRALIA BANK 14 3/4 94 A$	150	107	107½	+⅛	11.20
STATE BK NSW 14 1/4 99 A$	100	111⅛	111⅞	+⅛	12.01
VOLKSWAGEN INTL 15 94 A$	100	107⅛	107⅞		11.54
ABBEY NATL TREAS 13 3/8 95 £	100	107⅛	108⅛		10.53
BARCLAYS JERSEY 9 1/2 93 £	250	98⅛	99⅛	+⅛	10.32
BRITISH GAS 12 3/4 95 £	300	106⅛	106⅞	-⅛	10.39
DEUTSCHE BK FIN 11 94 £	225	101⅛	102⅛		10.07
EIB 10 97 £	386.5	99⅛	99⅞	+⅛	10.13
FORD CREDIT FUNDING 9 5/8 93 £	50	97⅛	98⅛	+⅛	11.16
INTER AMER DEV 11 3/8 95 £	75	103⅛	104⅛		10.12
ITALY 10 1/2 14 £	400	99⅛	100	+⅛	10.53
LAND SECS 9 1/2 07 £	200	86⅛	87⅛	+½	11.33
LEEDS PERMANENT 9 1/4 93 £	50	97⅞	98⅛		10.61
NORWAY 10 1/2 94 £	200	100⅞	101⅛		10.02
ROLLS-ROYCE 9 5/8 93 £	150	98	98½	+⅛	10.86
SAINSBURY 10 7/8 93 £	100	100⅛	100⅞		10.56
SKANDINAVISKA ENSK 13 1/8 95 £	100	106⅛	107	+⅛	10.76
WORLD BANK 11 1/4 95 £	100	103⅛	103⅞		10.11
ABBEY NATIONAL 0 96 NZ$	100	60⅛	61⅛	+⅛	10.44
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	105⅛	106⅛		9.98
AIDC 7 7/8 93 FFr	600	97⅛	97⅞		9.40
CREDIT LYONNAIS 10 95 FFr	3200	101⅛	101⅞		9.56
EURATOM 7 5/8 98 FFr	500	93⅛	93⅞	+⅛	9.02

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.05	100.15	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.51	99.61	11.2050
BANCO ROMA 0.03 01	200	91.63	92.63	6.4675
BANCO SANTO SPIRITO 93	200	99.51	99.63	6.5000
BELGIUM 1/16 97 DM	500	100.02	100.13	9.5000
BFCE -0.02 96	350	99.94	100.04	6.1050
BNP 05	300	95.25	96.25	6.3125
BRITANNIA 1/10 96 £	150	99.12	99.32	11.2250
CCCE 06 ECU	200	99.95	100.05	9.7500
CITIZENS FED 0.15 96	100	99.57	99.90	5.9625
COMMERZBK O/S FIN 93	200	99.96	100.06	5.8750
DENMARK -1/8 96	1000	99.42	99.52	5.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.93	100.03	9.2813
ELEC DE FRANCE 1/8 99	400	100.50	100.75	6.0625
FERRO DEL STAT 94	200	100.54	100.79	5.9375
HALIFAX 1/10 94 £	200	99.89	99.98	11.1000
ITALY 00	500	100.66	100.76	6.3750
MITSUI FIN ASIA 1/8 96	100	99.45	99.55	5.9375
MORGAN (JP) 1/4 97	250	98.63	99.13	6.0000
NAT WEST FIN 3/16 05	400	91.44	92.44	6.5000
NEW ZEALAND 93	500	99.77	99.87	5.7500
QUEBEC PROV 01	300	96.30	96.55	6.1250
RENFE 98	500	99.86	99.96	6.0625
SOCIETE GENERALE 96	300	99.10	99.19	6.3125
STATE BK VICTORIA 0.05 99	125	98.58	98.83	6.4875
UNITED KINGDOM -1/8 96	4000	99.98	100.01	5.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	117¼	118¼	+9.59
ASDA-MFI 4 3/4 02 £	100	1.64	120⅛	121⅛	+48.41
BURTON GROUP 4 3/4 01 £	110	2.38	123	124⅛	
EASTMAN KODAK 6 3/8 01	300	50.67	98	99	+16.50
GOLD KALGOORLIE 7 1/2 00	65	1.0554	68	69	+47.46
GOODYEAR TIRE 6 7/8 03	150	80⅛	82⅛	83⅛	+57.87
GRACE (WR) 6 1/4 02	150	42⅛	98	99	+11.57
HANSON 9 1/2 06 £	500	2.5875	99⅛	100⅛	+19.61
HAWLEY 6 02 PREF	400	19.1	82	85⅛	
HILLSDOWN 4 1/2 02 £	150	4.16	113⅛	114⅛	+89.07
INTL PAPER 5 3/4 02	200	68⅛	102⅛	103⅛	+7.01
LAND SECS 6 3/4 02 £	84	6.72	87⅛	88⅛	+11.15
MITSUBISHI BK 1 3/4 02	300	2727.1	109	110	+0.72
OGDEN 6 02	85	39.077	72⅛	73⅛	+45.47
PACIFIC DUNLOP 6 3/4 97	75	3.749	108⅛	109⅛	+0.81
TEXAS INSTRUMENTS 2 3/4 02	300	82⅛	85⅛	86⅛	
THORN EMI 5 3/4 04 £	103	7.45	118⅛	119⅛	+9.24

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price, the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Mexican oil group brings $150m seven-year issue

By Simon London

PEMEX, the Mexican state-owned oil company, yesterday launched a $150m seven-year issue in the international bond market, the longest-dated deal since Latin American borrowers returned to the market last year.

The issue, lead managed by Swiss Bank Corporation, pays a coupon of 10¼ per cent and was re-offered to investors at a fixed price of par, where the yield spread over US Treasury bonds is 245 basis points.

Pemex led the return of Latin American borrowers to the international market last October with a $150m three-year deal and is widely regarded as among the best credits in the region. Since this first deal was launched, borrowers from Venezuela, Brazil and Argentina have raised finance in the Eurobond market. Yield spreads have narrowed and the maturity of deals has lengthened.

With this deal Pemex was again testing the limits of the possible for a Latin American borrower. Participants in the deal said the yield spread was tight and noted resistance from some investors.

However, there was enough demand to support an issue of this size and syndicate managers reported new investors buying Mexican debt for the first time. Once freed to trade by the lead manager, the deal remained at around the fixed reoffer price.

The Council of Europe surprised many market participants by launching an Ecu500m 10-year deal lead managed by Goldman Sachs. The deal is the first substantial Ecu bond issue since the European Community's Ecu435m deal launched in early August.

The issue carries a 9 per cent coupon and was reoffered to investors at a fixed price of par. At this level the bond yields 9 basis points more than the French government's Ecu-denominated OAT bond. The pricing was initially considered to be tight by market participants, but the deal soon saw strong demand following an impressive rally in secondary market prices over the past month.

Bond yields at the 10-year maturity have fallen by around 30 basis points since July. Buying appears to be concentrated at the longer maturities and the deal was designed to tap pent-up demand. From an issue price of par the bonds traded up to 100.15 bid by the close of trading, helped by another strong day in the secondary market.

The success of the deal increases the chances of the European Bank for Reconstruction and Development making its debut bond issue in the Ecu sector, thought to be its favoured funding option, within the next two weeks.

Ontario Hydro launched its expected C$1bn 30-year global bond offering, increased to C$1.25bn in the face of very strong demand from Europe and North America.

The deal, lead managed by Goldman Sachs, will be priced today to yield 58 basis points over the Canadian government long bond. Participants said the pricing was safe and that the issue met with overwhelming demand from both Europe and North America.

The introduction of a 30-year Canadian dollar bond into the Euromarket was welcomed by many intermediaries as aiding the development of the sector.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Pemex(a)†	150	10¼	100⅝	1998	1⅞/⅝	SBC
Ishihara Sangyo(a)♦	120	4⅝	100	1995	2¼/1½	Nomura Int.
ECUs						
Council of Europe(a)†	500	9	100	2001	32.5/20.0	Goldman Sachs Int.
CANADIAN DOLLARS						
Ontario Hydro(b)	*1.25bn*	*(b)*	*(b)*	*2021*	*0.50/0.33*	*Goldman Sachs Int.*
YEN						
Sapporo Breweries(a)†	10bn	7	101.45	1997	1⅞/1.575	Yamaichi Int.(Eur)
D-MARKS						
Ford Motor Credit(a)†	200	9¼	101.20	1994	1½/1	Dresdner Bk.
JFM(a)†	100	8½	102.45	2001	2½/1½	Deutsche Bk.

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms a) Non-callable. b) Global issue. Will be priced on 13/9/91. Non-callable.

Japanese banks issue subordinated debt

JAPANESE banks have continued to raise subordinated capital to bolster their capital adequacy ratios ahead of the September half-year end, writes Emiko Terazono.

Earlier this week, Mitsubishi Bank issued $175m in subordinated guaranteed bonds in the Euromarkets. Last month, the Bank of Tokyo launched $220m of Euro-subordinated debt.

However, analysts do not see a repetition of last year's problems, where banks, in order to meet interim capital adequacy requirements, flooded the market with subordinated debt issues totalling up to Y2,800bn.

To prevent a recurrence, the Ministry of Finance concerned at the negative impact on a volatile stock market, has tightened control on the amount and timing of new issues.

Some banks have been discreet, tapping the private placement market. Sumitomo, Fuji, and Dai-Ichi Kangyo have raised around Y60bn from life insurers between March and July this year.

Bowater's securities placement raises $100m

By Simon London

BOWATER INDUSTRIES, the UK industrial group with interests ranging from printing to building materials, has raised $100m from a placement of debt securities with US institutional investors arranged by First Boston.

The company said that the funds would be used to replace existing bank debt. At the half-year end, Bowater had £160m net debt, all short-term.

Many UK companies have recently replaced bank lines of credit with long-term finance provided by institutional investors. Company treasurers commented that one of the lessons of the collapse of Polly Peck was that over-reliance on bank funding can leave a company vulnerable.

The 10-year bonds carry a coupon of 9.44 per cent and start to pay down after seven years. The issue has an average life of 8.5 years. It was completed privately rather than under the Securities and Exchange Commission's rule 144a, and will not trade.

Bowater is not the first UK company to raise funds through a traditional private placement rather than issuing under rule 144a, which was introduced to create a market in partially tradable private placements and to improve access to the US capital market. Last year, Pilkington raised $200m through a similar private placement.

Companies have found that the marginal cost savings under rule 144a do not outweigh additional disclosure requirements.

Bowater also has a A$100m Eurobond issue maturing next year, although the company has not decided whether to refinance this deal through another Eurobond issue or a private placement.

Netherlands futures association disbands

THE DUTCH Commodity Futures Association (NVG) is to disband itself following a move by the government to take over direct supervision of futures brokers from the beginning of September, Reuters reports from Amsterdam.

Salomon scandal speeds reform

Patrick Harverson on the US response to regulatory shortcomings

THE US Treasury has moved quickly to introduce changes to the way it sells government securities, changes that are intended to repair the reputation of US bond markets battered by the Salomon Brothers bid-rigging scandal.

The speed with which the Treasury has initiated reform is a surprise. When the first hearings into Salomon's illegal activities began seven days ago, the message from the Treasury and its regulatory partner, the New York Federal Reserve, was that reform would have to wait until a detailed review of the auction process was completed.

Yet by Tuesday, at the second Congressional hearing, the Treasury announced a number of reforms to the system. Although the first changes appear minor, they show that the regulators are willing to respond to calls from outside for a more open market.

The Treasury has been forced to speed up the reform process by pressure from Congress, which has demanded quick action to address the regulatory shortcomings highlighted by the Salomon case.

The first, and most immediate, change affects the influence and power of the primary dealers. As of yesterday, the panel of executives from dealer firms which regularly meets to advise the Treasury on auction matters will no longer have early and exclusive access to information about the government's borrowing requirements.

Instead, data on the Treasury's quarterly borrowing needs will be released publicly two days before the auction details are announced and before the Treasury meets with the dealers' advisory panel. This will allow the rest of the market equal access to information that helps bidders decide how to price their bids in the auction.

The Treasury has clipped the advisory panel's wings because of fierce criticism from legislators who disliked the power wielded by the primary dealers and the privileged status they enjoy, courtesy of the Treasury and the New York Fed.

Mr Donald Riegle, the Democrat chairman of the Senate banking committee, said at Tuesday's hearing: "The cosy relationship between the primary dealers and the regulators must be thoroughly examined and, I believe, ended."

Mr Riegle attacked a system which effectively restricted competitive bidding to all but a chosen few, and questioned whether there was a need for "the cartel system we have created through the primary dealers".

Mr Richard Breeden, chairman of the Securities and Exchange Commission, echoed these concerns when he questioned whether primary dealers have too much power in the Treasury market.

Mr Breeden said the role of primary dealers should be reconsidered in view of the risks of market manipulation and the perception that the dealers are part of a "cartel-like" organisation.

Of the other changes planned by the Treasury, the new rule requiring customers who bid for securities through primary dealers to provide written verification of their orders should prove effective in preventing dealers from faking customer orders. It was the discovery of a faked order submitted by Salomon's head trader in February that eventually led to the exposure of the firm's illegal activities.

Richard Breeden: questions primary dealers' power

The establishment of a new group to improve the sharing of market surveillance information among the Fed, the Treasury and the SEC will also be welcome. One of the clearest lessons of the Salomon affair is that a lack of communication and co-operation among regulators created supervisory gaps that were too easily exploited by unscrupulous dealers.

A promise to speed up the introduction of an automated auction system should also win the Treasury some points. It has pledged to have the first phase of an electronic system in place by the middle of next year.

An automated auction system will give investors more confidence to bid on their own rather than through dealers, and the increased visibility of the market will help deter potential wrongdoers.

The changes announced at Wednesday's hearing are unlikely to be the last word on reform from the regulators. It was significant that the Treasury admitted to the subcommittee that it was considering the merits of different systems to allocate bids and set prices at auctions. The idea of using a "Dutch auction" system – where all bidders pay a single price – was mentioned, and appeared to have the backing of Mr Breeden of the SEC, although the New York Fed was cool about the idea.

More work also needs to be done on codifying the Treasury's rather informal rules about market practices. Two senior senators have already introduced a bill to Congress that would make it a violation of securities law to falsely bid for government agency debt.

The ripples from the Salomon scandal are beginning to disturb other waters. In the course of its investigation into the activities of the primary dealers in the bond market, the SEC discovered a large number of securities houses had placed false orders for the debt of quasi-government agencies such as the Federal National Mortgage Association.

The revelation of malpractice involving other fixed-income securities is a realisation of one of Wall Street's biggest fears: that the Salomon-inspired investigations would expose a whole host of sharp trading practices employed by firms trading in US financial markets.

Bank reassures market on UK bond auction

By Sara Webb

THE BANK of England is seeking to reassure the market that any attempt to corner the government bond auction scheduled for later this month would easily be detected by its regulatory procedures.

However, there has been concern about possible market manipulation in the past. It has emerged that soon after Big Bang, concern about the rise in price of a small, illiquid gilt issue forced the Bank to issue additional tranches of the stock in order to avoid distortions in the market.

The Bank started to issue government debt again this year, having steadily bought back gilts between 1987 and 1990. It uses auctions as well as tenders and taps to issue new stock.

It claims that if it suspected a gilt-edged market-maker (GEMM) of attempting to corner the market in a particular gilt-edged stock, it would simply issue further tranches to meet the demand and avoid a price squeeze. This practice cannot be used in the US bond market where the only means of issuance is through an auction.

The Bank, which is able to limit allocations to 25 per cent of an auction, requests daily reports from the 18 GEMMs showing their positions in each gilt issue for capital adequacy purposes.

By comparison, in the US, primary dealers only have to provide the Federal Reserve with weekly reports on their positions in certain maturity bands. The Bank also has access to Stock Exchange records showing gilt sales to clients.

Clients are free to bid directly to the Bank at auctions, but most of them prefer to bid through a GEMM. GEMMs often warn the Bank in advance if they are planning to submit large bids on behalf of customers.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday September 12 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Sep 11: Index No.	Tue Sep 10: Index No.	Mon Sep 9: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (183)	871.75	+0.4	9.54	5.55	12.92	23.87	868.52	870.85	875.25	724.28
2	Building Materials (24)	1132.01	+0.8	7.91	5.49	16.11	32.33	1122.71	1120.62	1126.22	893.33
3	Contracting, Construction (31)	1172.26	+0.2	8.55	6.43	15.78	33.40	1170.18	1183.07	1185.47	1100.44
4	Electricals (11)	2456.19	....	9.38	5.42	13.67	63.95	2454.84	2468.28	2503.23	2043.04
5	Electronics (24)	1802.21	+0.3	9.80	5.05	12.77	48.40	1796.99	1796.65	1805.02	1584.44
6	Engineering-Aerospace (8)	378.49	–1.4	18.05	6.63	6.64	12.11	383.68	400.31	404.85	430.85
7	Engineering-General (45)	501.97	+0.6	10.34	5.12	11.86	13.19	499.20	498.95	502.87	410.87
8	Metals and Metal Forming (8)	448.14	+0.3	14.76	7.88	8.23	17.15	446.67	445.72	449.44	415.25
9	Motors (12)	366.25	+0.3	8.00	6.56	15.97	12.70	365.16	367.52	369.85	300.14
10	Other Industrial Materials (20)	1680.00	+0.5	8.21	4.85	14.28	38.33	1671.77	1667.45	1669.40	1235.52
21	CONSUMER GROUP (188)	1584.10	+0.8	7.29	3.51	16.94	27.37	1570.81	1570.47	1585.69	1182.32
22	Brewers and Distillers (22)	1927.29	+0.2	7.97	3.47	15.29	34.70	1922.70	1928.30	1940.11	1467.40
25	Food Manufacturing (19)	1246.39	+0.8	9.20	3.99	13.43	24.86	1236.74	1233.68	1236.46	1009.94
26	Food Retailing (17)	2726.16	+0.5	7.89	3.06	16.57	44.38	2712.79	2708.92	2739.54	2412.16
27	Health and Household (22)	3749.26	+1.9	5.39	2.51	21.28	35.03	3678.45	3679.50	3744.17	2346.47
29	Hotels and Leisure (23)	1388.58	+0.7	8.19	5.02	14.88	37.19	1379.47	1376.03	1385.65	1188.05
30	Media (26)	1536.26	+0.5	7.18	4.62	18.15	41.56	1528.72	1526.44	1534.94	0.00
31	Packaging, Paper & Printing (18)	768.47	+0.4	7.21	4.22	16.85	16.35	765.65	770.43	788.41	504.66
34	Stores (32)	1035.34	+0.5	7.36	3.59	17.73	17.96	1030.23	1028.49	1035.27	756.66
35	Textiles (9)	651.48	+0.8	7.07	4.77	17.95	14.09	646.32	643.85	646.93	411.56
40	OTHER GROUPS (109)	1287.23	+0.2	9.35	5.04	13.40	32.75	1285.09	1288.52	1295.54	1016.97
41	Business Services (12)	1439.46	+0.4	7.49	4.55	16.52	30.08	1434.16	1438.22	1442.79	0.00
42	Chemicals (21)	1479.90	+0.1	6.86	4.87	18.00	46.15	1477.80	1475.98	1480.63	1019.79
43	*Conglomerates* (10)	1493.09	+0.2	9.85	7.07	12.29	35.17	1489.51	1498.51	1519.31	1347.73
44	Transport (13)	2366.23	+0.6	7.21	4.80	17.18	62.68	2352.07	2363.96	2570.25	1912.74
45	Electricity (16)	1244.13	–0.1	14.19	5.23	9.04	27.53	1245.64	1245.78	1247.78	0.00
46	Telephone Networks (4)	1541.40	+0.4	9.57	3.94	13.67	28.34	1535.89	1545.79	1553.71	1165.78
47	Water (10)	2513.36	+0.4	16.27	6.12	6.80	118.37	2503.39	2494.68	2516.48	1943.54
48	Miscellaneous (23)	1912.12	–0.5	5.23	5.18	26.44	47.96	1922.05	1921.48	1931.34	1533.39
49	INDUSTRIAL GROUP (480)	1315.75	+0.5	8.38	4.39	14.80	28.74	1308.74	1310.40	1330.14	1022.32
51	Oil & Gas (20)	2460.34	+0.4	10.58	5.60	12.49	78.32	2450.22	2451.05	2460.41	2489.16
59	500 SHARE INDEX (500)	1414.25	+0.5	8.66	4.54	14.47	32.69	1406.93	1408.56	1418.40	1141.50
61	FINANCIAL GROUP (92)	839.80	+0.7	–	5.56	–	27.93	834.28	837.28	844.77	687.50
62	Banks (9)	982.60	+1.0	4.33	5.43	43.25	36.83	972.82	979.04	988.17	731.483
65	Insurance (Life) (7)	1587.12	+0.3	–	5.30	–	42.61	1582.89	1585.09	1600.89	1325.76
66	Insurance (Composite) (6)	664.14	+0.6	–	6.63	–	25.81	660.22	665.25	674.85	581.41
67	*Insurance (Brokers)* (9)	1165.78	+1.8	7.02	5.79	18.63	35.66	1145.66	1130.49	1135.99	822.29
68	Merchant Banks (7)	457.07	+0.8	–	4.59	–	12.16	453.39	452.96	453.88	362.25
69	Property (36)	953.91	–0.1	5.82	4.88	24.19	22.40	954.96	955.12	958.49	916.00
70	Other Financial (18)	268.32	+0.2	10.69	6.77	11.75	8.67	267.85	268.31	271.30	252.90
71	Investment Trusts (69)	1250.67	+0.4	–	3.46	–	24.33	1245.15	1245.30	1254.27	1061.16
99	ALL-SHARE INDEX (661)	1274.61	+0.5	–	4.65	–	31.08	1267.80	1269.64	1278.85	1032.47

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 11	Sep 10	Sep 9	Sep 6	Sep 5	Year ago
FT-SE 100 SHARE INDEX‡	2641.9	+15.3	2648.2	2635.1	2626.6	2630.8	2653.2	2667.4	2663.3	2127.1

FIXED INTEREST

	PRICE INDICES	Thu Sep 12	Day's change %	Wed Sep 11	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	122.64	+0.04	122.59	2.14	8.23
2	5-15 years (27)	135.29	+0.29	134.90	1.84	9.88
3	Over 15 years (9)	142.83	+0.46	142.18	0.54	10.60
4	Irredeemables (6)	159.28	+0.33	158.76	2.68	8.83
5	All stocks (70)	133.53	+0.23	133.23	1.86	9.48
	Index-Linked					
6	Up to 5 years (1)	163.92	+0.06	163.82	1.13	2.72
7	Over 5 years (10)	148.60	–0.01	148.62	0.45	3.42
8	All stocks (11)	149.62	–0.01	149.64	0.47	3.40
9	Debs & Loans (58)	114.11	+0.04	114.07	2.45	7.35

	AVERAGE GROSS REDEMPTION YIELDS		Thu Sep 12	Wed Sep 11	Year ago (approx.)
	British Government				
1	Low	5 years	8.53	8.56	10.98
2	Coupons	15 years	9.41	9.44	10.98
3	(0%-7¾%)	20 years	9.41	9.44	10.98
4	Medium	5 years	9.62	9.64	12.10
5	Coupons	15 years	9.55	9.60	11.52
6	(8%-10¾%)	20 years	9.52	9.58	11.34
7	High	5 years	9.81	9.84	12.19
8	Coupons	15 years	9.65	9.72	11.77
9	(11%-)	20 years	9.58	9.65	11.62
10	Irredeemables	†	9.65	9.68	11.07
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.72	3.74	4.59
12	Inflation rate 5%	Over 5 yrs.	4.20	4.20	4.29
13	Inflation rate 10%	Up to 5 yrs.	2.80	2.81	3.49
14	Inflation rate 10%	Over 5 yrs.	4.02	4.02	4.11
15	Debs &	5 years	11.41	11.41	14.14
16	Loans	15 years	11.12	11.12	13.01
17		25 years	10.94	10.94	12.76

‡Opening index 2635.1; 9 am 2638.3; 10 am 2636.1; 11 am 2639.2; Noon 2642.8; 1 pm 2633.9; 2 pm 2646.6; 2.30 pm 2646.8; 3 pm 2646.1; 4.10 pm 2641.0; (a) 2.47pm (b) 9.10am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel. 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	49	13	19
Corporations, Dominion and Foreign Bonds	7	0	13
Industrials	387	173	944
Financial and Properties	158	43	553
Oils	28	13	47
Plantations	0	0	10
Mines	19	46	89
Others	27	51	61
Totals	675	339	1,736

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
50	Nil	–	16pm	1½pm	‡Applied Holographics 5p	1½pm	
10	Nil	–	2½pm	1½pm	Benson Group 2.5p	2½pm	
225	Nil	–	27pm	4pm	Capital & Counties	11pm	–2
31	Nil	–	5pm	3pm	Kiren-E-Ze	3pm	
25	Nil	–	3pm	½pm	Mayflower Corp. 5p	1pm	
435	Nil	–	100pm	92pm	P & O Defd. £1	100pm	+6

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
25	F.P.	–	39½	29	‡Amtrak Leisure 5p	35½		u1.75	1.8	6.6	9.2
‡	F.P.	–	110	105	Capital Ventures 1p	110		–	–	–	–
4	F.P.	–	9½	4½	Culver 1p	5½		–	–	–	–
–	F.P.	–	320	213	Eurotunnel '91 Wnts.	250		–	–	–	–
100	F.P.	–	110	105	Gartmore Scotland Inc.	110		N11.6	–	14.1	–
100	F.P.	–	98	85	Do. Capital	98	+1	–	–	–	–
–	F.P.	–	£655	£605	Do. Units	£640	+2	–	–	–	–
146	F.P.	–	163	148	Irish Life Ir10p	161		RQ102%	–	5.7	–
100	F.P.	–	107	101	Kleinwort High Inc. 5p	107		M7.5	–	9.3	–
§290	F.P.	–	323	297	Lowndes Lambert 5p	317	–2	L11.5	1.9	4.8	14.8
100	F.P.	–	105	101	Murray Split Income 10p	104		M10.58	–	13.6	–
100	F.P.	–	100	96	Murray Split Tst. Cap 10p	96		–	–	–	–
–	F.P.	–	2550	2520	Do. Units	2550		–	–	–	–
††	F.P.	–	47	47	Scottish Value Trust	47		a1.8	0.8	5.1	34.6
50	F.P.	–	54	47	‡Simpsons of Cornhill 5p	48		–	–	–	14.9
1	F.P.	–	½	½	‡Staneleo 1p	½		–	–	–	–
100	F.P.	–	105	100	US Smaller Cos.	105		–	–	–	–
100	F.P.	–	36	23	Do Warrants	36		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100	F.P.	–	100	98½	Camborne Inds 10½pc Rd Deb 2001	98½	–1
100	F.P.	–	90	79½	Clarkthe 9½pc Cnv Ln 2000-01	79½	
100p	F.P.	–	111½p	104¼p	Gartmore Scotland Zero Div Prf	111½p	+¼
100p	F.P.	–	109½p	102½p	Kleinwort High Income Zero Div Prf	109½p	
102½p	F.P.	–	108p	103p	Murray Split Cap Tst Zero Div Prf 10p	108p	

TRADITIONAL OPTIONS

- First Dealings Sept. 9
- Last Dealings Sept. 20
- Last Declarations Dec. 5
- For settlement Dec. 16

For rate indications see end of London Share Service

Calls in Armour Trust, LASMO, Natl. Home Loans, Ossory Ests., Thames TV and TV-am. Put in Barratt Devs.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*612)	550	73½	84½	98½	6½	13	15
	600	38	53½	67½	21	30	32½
	650	18½	31½	43½	49½	54	57½
ASDA (*103)	90	14½	17½	19½	1	2	3½
	100	7	11½	14	3	5	7
	110	2½	6	–	8½	10½	–
Brit. Airways (*187)	160	28½	31½	36½	1	3½	5
	180	13	18	24½	4½	9	11
	200	3½	8½	14½	14½	19½	21½
SmKl Beecham A (*781)	750	45½	69½	87½	8½	19½	25½
	800	18	40½	58½	29½	40½	45½
	850	5	22	38½	70½	72½	75½
Boots (*441)	390	55½	61	71	1	3½	6
	420	28½	38	49	4½	10½	12½
	460	7	16½	27	22	29	31½
B P (*341)	300	44½	47½	51½	½	1½	4
	330	17½	25	30½	3½	7½	11
	360	3½	9½	14½	19½	22½	25½
British Steel (*123)	110	13½	15	17½	½	2½	3½
	120	5½	8½	11½	3½	6½	7½
	130	1½	4	7	8½	12	13
Bass (*980)	950	–	66½	76½	–	28½	37½
	977	31½	–	–	20	–	–
	1000	–	37½	51½	–	53½	61½
C & Wire (*579)	500	86½	97½	–	1½	3½	–
	550	40½	59½	76½	4	13	18
	600	13½	31	47½	25½	32½	37½
Courtaulds (*504)	420	89	96	108	½	2½	4½
	460	51	62	77	2½	7½	10½
	500	21½	36	51	11	20	22
Com Union (*528)	460	72½	85½	–	½	2½	–
	500	35½	54½	61½	4	10	16
	550	7½	22½	32½	26½	32	39
Fisons (*511)	460	57½	70	82	1½	6½	10
	500	25	42	55	8½	17½	23
	550	4½	18½	30	38	40	44
GKN (*383)	330	55½	65	70	1	3½	8
	360	27	43	48½	4	9	15½
	390	10	25	31½	16	21½	29½
Grand Met (*837)	800	52½	75½	87½	8	21	27
	850	22	45½	60½	28	42½	47½
	900	7	25	37½	64½	72½	77½
I C I (*1315)	1300	55½	103	126	26½	42½	64½
	1350	30½	75½	92½	49½	63½	90½
Kingfisher (*580)	550	35	56½	70½	6½	14½	19
	600	9½	28	43½	30	38	42½
Ladbroke (*284)	280	10½	20½	26½	10½	15½	19½
	300	3½	12	17½	23½	27½	30½
Land Secur (*528)	500	34½	42½	55½	2½	8½	11
	550	5½	14½	28	24½	29½	35½
M & S (*284)	280	11	20	27½	5	9½	11½
	300	3½	10	17	16½	20½	22½
Sainsbury (*365)	360	–	–	34	–	–	11
	386	4½	13½	–	22½	23½	–
Shell Trans (*528)	500	30½	45½	50½	5	9½	16½
	550	4	16½	20½	32½	34½	40½
Storehouse (*122)	120	7	10½	14½	3½	7	8½
	130	2½	6	9	9½	12½	13½
Trafalgar (*236)	231	13½	20	–	7½	17½	–
	240	–	–	21½	–	–	26
Utd Biscuits (*408)	390	24	35	41	5½	11½	15½
	420	7	19	25	21	25	30

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Unilever (*770)	750	37½	55½	71½	8½	18	25
	800	11	29½	43½	33½	42½	48½
Ultramar (*264)	260	12½	21½	24½	5½	10	15½
	280	5	11½	15	16½	19½	25
Option		**Nov**	**Feb**	**May**	**Nov**	**Feb**	**May**
Brit Aero (*421)	420	19½	37½	42½	22½	29½	40½
	460	9½	20½	26½	51½	57½	68½
BAA (*457)	420	45½	54½	67½	3½	9½	12½
	460	19	30	42½	16½	22½	26½
BAT Inds (*673)	650	30½	52½	61½	13	18	26½
	700	9	26½	36½	44½	46½	50½
BTR (*438)	420	23½	36½	42½	10	15	19
	460	6½	17½	23	33½	35½	38½
Brit. Telecom (*390)	390	17½	24½	34	11½	18	20½
	420	6½	12½	22	30	34½	37½
Cadbury Sch (*419)	390	40	54½	58½	8½	13	18
	420	22	37	40½	20½	24½	31
Eastern Elec (*187)	180	14½	19½	22½	4½	8	10
	200	5	9½	13½	14½	18½	20½
Guinness (*1000)	1000	36½	63½	79½	28½	39½	47½
	1050	16½	40½	55½	63½	68½	75½
GEC (*196)	180	20½	23	28½	1½	3	4½
	200	7	11	16	7½	10	11½
Hanson (*216)	200	21	23½	26	1½	5½	7½
	220	8½	10½	15	8½	15	17
LASMO (*320)	300	30½	41½	44½	5	9	12½
	350	11½	24	27	17½	21	26½
Lucas Inds (*150)	140	13½	16	19½	4½	7	9
	160	4½	6½	10½	17	17½	20
P. & O. (*535)	519	35	54½	62½	10	16½	26
	566	12½	29	36½	36	40½	48½
Pilkington (*166)	160	14½	18½	24	6½	10½	12½
	180	5½	10	15½	17½	21	23½
Prudential (*252)	240	17	25	29	4½	6½	9½
	260	6½	14½	18	14½	16½	18½
Racal (*231)	220	25½	37½	–	11	17½	–
	240	19½	28	–	20½	28	–
R.T.Z. (*569)	550	35½	53½	61½	13	18½	26½
	600	10	27½	35½	37½	38½	47½
Scot. & New (*418)	390	40½	46	58½	4	9½	13½
	420	19½	27½	40½	14½	21	24½
Tesco (*282)	280	12½	20½	24½	9	10½	13½
	300	4½	10	15½	20½	21½	23½
Thames Water (*390)	390	–	–	32	–	–	18
	400	10	18½	–	16	20	–
Option		**Sep**	**Dec**	**Mar**	**Sep**	**Dec**	**Mar**
Abbey Nat. (*301)	300	5½	20	25½	5	10½	14½
	330	½	6½	12½	29½	30½	31½
Amstrad (*54)	50	5	7½	10	1½	3	4½
	60	½	3½	5½	6	8	10
Barclays (*472)	460	17	37	49	3½	11½	19
	500	1½	15	27½	27½	32½	38½
Blue Circle (*276)	260	15½	23½	33	1½	7½	11
	280	3½	12½	22½	11½	17	20½
British Gas (*270)	260	12½	21½	24½	1½	5	8
	280	1½	10½	14½	10½	13½	17½
Dixons (*267)	260	10	21½	29	3½	10½	15½
	280	2½	12½	18½	14½	19½	23½

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel (*482)	460	25	50	67½	5½	21	30
	500	7	30	47	25	40	53
Glaxo (*1367)	1350	25½	80½	118	29½	57½	70
	1400	9½	57½	93½	63½	84½	95½
Hawker Sidd (*591)	550	46½	59½	73½	1½	10½	16½
	600	9	28½	43½	12	31½	38½
Hillsdown (*254)	240	14½	22	30	½	6	9½
	260	3	11½	18½	8	15½	18½
Lonrho (*239)	220	21	29	32	1	3½	9
	240	5	15½	18	5	10	18½
Midland Bk (*242)	240	7	20½	28	4½	11	14½
	260	1½	10½	18½	18	22½	24½
National Power (*152)	140	13	18½	20½	1½	2½	5
	160	½	8	10½	9	11	14½
Reuters (*891)	850	47½	83½	110	4½	25½	40½
	900	16	56½	81	24½	46½	61½
R Royce (*143)	140	4½	10½	14	4	7½	11
	160	½	3½	6½	21	20½	23½
Sears (*94)	90	4½	8	11	1½	3½	5
	100	½	3½	6	7½	8½	9½
THF (*288)	280	11	18½	27½	3	8½	10½
	300	2	9½	16½	12½	18½	20½
Thorn EMI (*814)	800	23	51	67½	6½	23½	30½
	850	3½	22½	43	33½	49½	56½
TSB (*154)	140	14½	19½	22½	½	2	3½
	160	1	7½	10½	6½	9	12
Vaal Reefs (*$62)	60	3½	7½	10	1	5½	7½
	70	½	3½	6	8	10	13
Wellcome (*732)	700	38½	65	90	4½	22	30½
	750	9½	38½	63	25½	44½	51½
Option		**Sep**	**Dec**		**Sep**	**Dec**	
Scottish Power (*110)	110	2	6½	–	1½	4½	–
	120	½	3	–	10½	11½	–

EURO FT-SE INDEX (*2641)	2425	2475	2525	2575	2625	2675	2725	2775
CALLS								
Sep	232	183	133	88	47½	18½	4½	1½
Oct	249	202	156	116	79½	47½	26½	14½
Nov	264	–	176	–	102	–	48½	–
Dec	284	–	202	–	128	–	72	–
Mar	322	–	249	–	176	–	119	–
Jun	370	–	298	–	227	–	169	–
PUTS								
Sep	1	1½	3	6½	14	35½	70½	112
Oct	6½	9	12½	20	32½	52½	80½	113
Nov	11	–	20½	–	44½	–	86½	–
Dec	15	–	26½	–	52	–	93½	–
Mar	23	–	40½	–	66½	–	103	–
Jun	50	–	67½	–	92½	–	122	–

FT-SE INDEX (*2641)	2400	2450	2500	2550	2600	2650	2700	2750
CALLS								
Sep	260	211	162	114	68	30½	10	2½
Oct	276	228	182	139	98	64	37½	19
Nov	289	245	200	159	122	89½	62	40
Dec	309	262	220	182	144	112	84	60
Jun †	382	–	307	–	237	–	177	–
PUTS								
Sep	½	1½	3	5	9	23½	59	109
Oct	5½	7	10½	16	26	45	72½	109
Nov	9½	12	22	27½	38	59½	82½	115
Dec	15	19½	25½	34½	48½	66	88	119
Jun †	47½	–	67½	–	95	–	132	–

September 12 Total Contracts 27,024
Calls 16,797 Puts 10,227
FT-SE Index Calls 3,280 Puts 5,157
Euro FT-SE Calls 7 Puts 1,876
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

Recession behind RTZ's 40% fall

By Kenneth Gooding, Mining Correspondent

RECESSION IN North America and the UK and slowing economic activity elsewhere savagely cut into first-half profits of the RTZ Corporation, the world's biggest mining company.

RTZ's taxable profit dropped by 40 per cent, from £475m to £286m. Net attributable earnings, which RTZ suggests is the most relevant measure of its performance, plummeted by 43 per cent, from £269m to £154m.

Mr Bob Wilson, chief executive, said that, as the world's largest producer of mined raw materials for western industry, RTZ could not escape the consequences when its customers were in the throes of recession.

But it had intensified efforts to improve efficiency and this had resulted in substantial manpower reductions and productivity gains.

Throughout the world, RTZ had made about 7,000 employees redundant in the past year, or about 10 per cent of its workforce. About 1,500 were in the UK.

RTZ Pillar, the UK industrial offshoot, had made 5,000 redundant since early 1989.

Mr Wilson warned there would be more redundancies in the second half.

For example, the Rossing Uranium board meets in Namibia today to consider further output cuts and substantial redundancies.

Mr Wilson said that redundancies in the first half would cost about £8m after tax but RTZ had cut about £4m after tax from annual costs.

RTZ will pay a maintained interim dividend of 6p from earnings per share of 15.6p, down from 27.3p.

Sir Derek Birkin, chairman, said that the board had decided not to increase the dividend in view of the uncertain outlook.

"We will take another view of prospects at the end of the year," he added.

Sir Derek said there were as yet few signs of recovery in the group's businesses.

However, "although the short-term prospects for the mining industry are cloudy, it is in much better balance than at the equivalent point in the last economic cycle.

Bob Wilson: warned of more redundancies to come

"In the medium- to long-term RTZ's prospects are healthy," he added.

Although analysts had been downgrading their forecasts recently, the half-year results were below most expectations. Against the general trend in the market yesterday, RTZ shares slipped by 4p to close at 569p.

Turnover in the half-year fell by 14 per cent to £2.274bn. Volume declines mainly in industrial minerals and manufactured products accounted for £47m of the drop in net earnings, £34m came from lower prices and £14m from currency variations.

The stronger dollar also affected gearing which increased from 25 per cent at the end of 1990 to 28 per cent.

Cash flow fell by 11 per cent to £275m, exploration expenditure was reduced from £34m to £24m and expenditure on property, plant and equipment was down from £148m to £138m.

The group wrote off £11m of advance corporation tax in the first half, up by £5m from last timer.

See Lex

Brammer dives 31% to £4.5m

Brammer, the industrial distribution and rental services group, suffered a 31 per cent fall, from £6.5m to £4.47m, in pre-tax profits for the first half of 1991, writes Bronwen Maddox.

Turnover fell £57.1m (£63.4m).

BSL, the UK's largest distributor of bearings and power transmission products, saw volumes down by over 15 per cent.

Mr Robert Ffoulkes-Jones, chief executive, said that as BSL was mainly a small-order supplier and its 100 outlets covered the UK, it was an excellent barometer of UK manufacturing activity.

However, BSL achieved small price increases to compensate for volume falls. "It's not price sensitive – if they need a bearing they need it".

Tighter inventory control in BSL raised net cash to £2.7m at June 1990, compared with £500,000 at December and June 1990. Interest received fell to £121,000 (£255,000).

Earnings fell to 6.9p (9.9p) per share but the interim dividend is maintained at 4.5p.

Haden MacLellan down 20%

By Jane Fuller

PRE-TAX profits fell by just over 20 per cent at Haden MacLellan Holdings, reflecting a lull in orders for paint-spraying equipment in the US and the effects of recession on the UK manufacturing and distribution businesses.

In the first half of 1991, taxable profit declined to £7.94m (£9.98m) on sales of £172.9m (£169.4m).

Nearly half the operating profit of £8.42m (£10.9m) came from the European and Australian paint shop business. Mr Philip Ling, chairman, said the UK was enjoying a record year thanks to work for Japanese car makers.

But in the US, car makers had delayed projects and the North American operation, which includes some work for aircraft makers, made only £444,000 (£1.77m).

"We came into 1991 with a lousy order book," Mr Ling said. Now opportunities to bid for work were coming up and it was hoped these would translate into a healthy picture for 1992.

The acquisition of Smith Engineering in California, for £4m early this year had prompted the group to set up an environmental division. Smith's cleaning of chimney emissions would complement the Drypure technology dealing with paint sludge.

Distribution, which supplies nuts and bolts, agricultural products and machine tools, suffered a profit fall of more than £1m to £2.49m. No signs of an upturn in UK demand had been detected.

Manufacturing, again covering a wide range of goods including iron bridges and vandal-proof toilets, was also £1m down at £1.68m. Mr Ling said that subsidiaries supplying capital goods had better order books than six months ago. "Maybe we will see a proper, investment-led upturn."

Interest costs were reduced to £480,000 (£1.3m), although the £13m cash held in December had been eroded by working capital requirements and the acquisition.

Earnings per share declined to 5.5p (8.3p) because of a higher tax rate and increased equity. The interim dividend is held at 3p.

● COMMENT

With the US side of the business probably being saved from the red by the environmentally friendly acquisition in California, all eyes are on the order intake for paint shops. On this side of the Atlantic, the Japanese factory-equipping spree is close to its peak and there should still be some good end-of-contract profits next year. The question what then is the perennial one for this lumpy contract-based business. The more the service and environmental wings can be built up, the better. The latter could do with some help from zealous law makers. UK manufacturing and distribution, on the other hand, needs a good old-fashioned upturn in volumes. A pre-tax profit forecast of £16.5m (£23.6m) gives a prospective p/e of less than 11 on yesterday's price of 128p. Supported by a yield of 8.3 per cent, the price should improve on the first whiff of US orders coming through.

Greencore chief faces calls for resignation

By Tim Coone in Dublin

MR BERNIE Cahill, chairman of Greencore, the Irish sugar and foods group, faced calls for his resignation from angry shareholders yesterday following a government decision to launch a High Court enquiry into Greencore's I£8.7m (£8m) buy-out earlier this year of Sugar Distributors (Holdings).

Yesterday's extraordinary meeting approved the I£58.5m takeover by Greencore of Food Industries, Mr Larry Goodman's former agribusiness.

Shareholders then pressed Mr Cahill to reveal the extent of other board members' knowledge of aspects of the SDH deal.

Last year, Irish Sugar's board (before it was privatised and became Greencore) approved an I£1m loan to four SDH executives to buy 49 per cent of SDH. Irish Sugar already owned the remainder.

In a prepared statement Mr Cahill said it was the board's view that the I£1m loan "was in the best interests of the company . . . Irish Sugar was not able to buy the shares because of the restrictive provision in SDH's articles of association".

There were shouts of "resign" when one shareholder asked why SDH executives had been able to reap an I£7m profit on the SDH deal, while Irish Sugar preferential shareholders had received no dividends on their investment for the past ten years.

A I£1.5m golden handshake to Mr Chris Comerford, Greencore's former chief executive, has also been frozen pending the outcome of the High Court enquiry.

Waterford and Avonmore call off merger negotiations

By Peggy Hollinger

TWO LEADING food groups in the Irish Republic, Waterford and Avonmore, yesterday announced that negotiations over a proposed 50/50 merger had been called off.

The news came as Waterford and Avonmore both revealed sharp rises in pre-tax profits for the first half of 1991.

The companies said that a merger "would not be possible at this time". Talks had been under way since May this year. If successful they would have resulted in a company with combined sales of more than I£800m (£730m).

Neither company would comment on the decision to end negotiations, although they said they would continue to work together in various businesses.

Avonmore, which has pursued an aggressive acquisition programme over the past year, announced a 30 per cent rise in pre-tax profits to I£6.62m on turnover up 26 per cent to I£293.5m for the six months to June 29

Mr Brendan Graham, company secretary, said that more than 60 per cent of the increase in turnover was due to acquisitions in the second half of last year. Organic growth was strongest in the group's milk and meat divisions.

"We are happy with the general level of performance, and particularly happy with the UK companies," he said.

Margins had improved in the first half due to rationalisation and market improvement.

The group had increased its stakes in, or acquired, some seven businesses in Ireland, the UK and US. These purchases were paid for through internal funding or debt, he said. Gearing at the year-end was 60 per cent, although Mr Graham said that would be lower by December.

Earnings per share rose to 4.3p (3.34p) and a dividend of 1.35p (1.25p) is declared for the A shares.

A recovery in dairy prices boosted Waterford Foods, where pre-tax profits doubled to I£7.71m on slightly lower turnover of I£217m (I£230m).

Earnings per share almost doubled to 4.21p (2.38p) and a dividend of 1.1p (1.05p) is declared for the A shares. The pay-out on the B shares will be 0.75p (nil).

Second-half recovery at Sirdar

Sirdar, the Wakefield-based textile company, reported a recovery in profits in the second half resulting in annual taxable profits of £4.61m, down 13 per cent on the comparable £5.31m.

Mrs Jean Tyrrell, chairman, said the year had been difficult but the result was better than was expected at halfway.

She added that all group companies felt better about the coming year with sales expected to increase. But warned that the trading climate would continue to be tough.

The shares rose 9p to 76p.

Turnover for the year to June 30 was £53.5m (£54.4m). Earnings per share came out at 5.26p (5.91p) and the proposed final dividend is held at 3.5p for an unchanged total of 5.15p.

Micro Focus considers paying dividends

By Nigel Clark

CONTINUED GROWTH at Micro Focus, the Berkshire-based computer software company, saw pre-tax profits rise 17 per cent from £7.63m to £8.96m in the six months to July 31. The company also announced that it was considering paying dividends.

The shares closed at £20.53, up 33p.

The result included £478,000 from the disposal of its stake in Softwright Systems (SSL) and net interest income of £782,000 (£505,000).

The dividend position is being studied as part of an overall investigation into its listings.

The company said that since the American Depositary Receipts programme began in June last year their number had grown to 33.7 per cent of the company's issued shares. As a result consideration of a listing on the US Nasdaq electronic exchange was at an early stage.

The board wishes to retain a strong core of UK shareholders and paying dividends is thought of as a way of achieving this. It might also benefit US holders because of the tax position.

During the period the company made two acquisitions for $3m (£1.73m) and the issue of 600,000 shares to "increase control over its product line and strengthen market position."

Total revenue was £25.4m (£23.3m) of which £523,000 (£1.68m) related to SSL. Earnings per share were 43.1p (35p) basic allowing for the 600,000 new shares. The fully diluted figure was 41.1p (33p).

NEWS DIGEST

11% rise at Great Southern

GREAT SOUTHERN Group, the USM-quoted funeral services company, yesterday unveiled an 11 per cent expansion in taxable profits for the six months to June 30.

The increase – from £2.08m to £2.31m – came on turnover of £14.1m (£13m) and was struck after interest charges reduced to £559,000 (£973,000). Borrowings fell from £13m to £11.7m over the period.

Sales of surplus properties – a legacy of earlier acquisitions – totalled £348,000.

Chosen Heritage, the pre-paid funeral scheme, continued to progress with 35,000 plans sold to date, a rise of about 5,000 over the six months.

The interim dividend is lifted to 3.3p, payable from basic earnings of 11.1p (9.75p).

Swallowfield shows advance to £804,000

Swallowfield, the personal care product manufacturer which moved up to the main market in April, lifted pre-tax profits from £633,000 to £804,000 in the 24 weeks to June 15.

Turnover rose to £9.49m (£9.11m) and the pre-tax result was struck after interest payable of £253,000 (£297,000). There was an extraordinary charge of £104,000 relating to the introduction to the Official List. The interim dividend is held at 2.2p, payable from earnings of 4.6p (4.2p) per share.

Albany net assets per share up 25%

Net asset value per share of Albany Investment Trust in the six months to August 31 rose almost 25 per cent from 94.4p to 117.94p; the value at the February 28 year-end was 105.49p.

Dividends and interest received for the period were £331,000 compared with £300,000 and pre-tax profits amounted to £321,000 compared with £292,000.

The interim dividend is increased from 1.2p to 1.25p with earnings up from 2.15p to 2.37p per share.

Stormgard loses £3m in qualified accounts

Stormgard, the highly-geared office supplies group, yesterday reported a loss of £3.19m for the year to March 31, against taxable profits of £2.11m previously.

Sales, which are produced solely from the core stationery business, fell 15 per cent to £45.5m (£53.4m).

The auditors qualified the accounts, referring to the uncertainty of the going concern basis. But Mr Holmes pointed out that Stormgard had the support of its banks in its efforts to cut borrowings, and refinancing opportunities were being actively pursued. Nevertheless, the board felt unable to recommend payment of a dividend.

At the year-end borrowings stood at £12.2m and the board subsequently gained shareholder approval to raise borrowing powers. The company said that since the year-end overhead costs had been reduced by £3m.

Losses per share were 10.44p (earnings 7.63p). An exceptional charge of £1.62m (£192,000 credit) represented lower value of freehold property, loss on property disposals and rationalisation costs. Extraordinary costs of £7.78m (£1.39m) related mainly to losses on the sale of subsidiaries and left the retained loss for the year at £11.1m (profit £258,000).

MTL profits rise 23% to £2.35m

MTL Instruments Group, the manufacturer of intrinsic safety equipment, reported pre-tax profits ahead 23 per cent, from £1.91m to £2.35m, for the six months to June 30. Sales rose 32 per cent, from £7m to £9.2m.

Mr Ian Hutcheon, chairman and chief executive, said that trading margins were maintained and operating profit increased in line with sales. The lower percentage increase in pre-tax profits reflected reduced UK interest rates on cash deposits, currently over £6m.

Earnings emerged at 8.5p (6.91p), the interim dividend is raised from 1.2p to 1.5p.

Costs of withdrawal put Cussins into red

Costs associated with discontinued joint ventures sent Cussins Property Group into losses of £564,000 in the first half of 1991. This compared with a deficit of £1.6m last time.

The group has decided to focus on housebuilding in the north-east and is in the process of winding up commercial property activities.

Turnover rose 9 per cent to £7.22m (£6.64m), but the share of losses of associated companies took £651,000 (£2.5m), as anticipated in the May rights issue circular. Losses per share were reduced to 6.2p (14.2p).

There is no interim dividend.

Estates & General bucks the trend

Estates & General, the property investment company, produced pre-tax profits of £1.48m for the six months to June 30 compared with £1.45m.

Mr Peter Prouting, chairman, said the outcome was commendable in one of the most difficult periods ever seen in the UK property market.

Gross rents rose by 26 per cent to £4.09m and the increase in profit was achieved despite a £1.28m rise to £5.05m in interest payable.

The interim dividend is maintained at 1.225p from earnings of 1.31p (0.32p) basic or 2.9p (2.85p) diluted.

Water products fall hits British Fittings

The recession and the rationalisation of its high pressure water pump division contributed to a 48 per cent fall, from £3.3m to £1.71m, in interim pre-tax profits at British Fittings Group.

While there were small falls in operating profits in stockholding and non-ferrous metal distribution, water products fell from £1.02m to £497,000. There were also exceptional charges of £604,000 of which £374,000 related to redundancy costs with the balance in respect of foreign exchange losses.

Group turnover for the six months to June 30 was £42m (£42.8m). Earnings per share were 5.37p (10.18p) and the interim dividend is maintained at 1.375p on capital increased by the July rights issue.

30% expansion for Rathbone Brothers

Rathbone Brothers, the USM-quoted financial services group, lifted turnover 18 per cent and pre-tax profits 30 per cent in the first half of 1991.

The group was confident the performance could be maintained for the full year, said Mr Oliver Stanley, chairman.

Turnover came through at £4.57m (£3.89m) and profit at £1.63m (£1.26m). Earnings were 13.64p (11.36p) and the interim dividend is lifted to 2.5p (2p).

Provisions push Waterglade into loss

After making exceptional provisions of £8.3m against the value of development and property interests, Waterglade International Holdings, the property developer, trader and developer, swung into the red in the year to end-March.

The pre-tax loss of £5.37m (£6.01m profit) was incurred on turnover down by two thirds from £28.2m to £9.64m.

The fall was exacerbated by a decline in rents receivable from £2.17m to £1.74m and an increased interest charge of £2.18m (£1.46m).

Losses per share came out at 25.8p (13.3p earnings) and the final dividend is passed, leaving the total for the year at 1p (4.7p).

£2.4m setback at Hall Engineering

Difficult trading conditions in the UK and South Africa sliced into profits of Hall Engineering (Holdings) in the six months to June 30. The pre-tax line fell from £3.56m to £1.16m.

But the second half was expected to show improvement, said Mr Richard Hall, chairman.

Turnover fell from £92.9m to £79.4m. The interim dividend is held at 3.3p from earnings of 2.69p (8.63p).

Operating margins in stockholding deteriorated sharply, although some improvement was now being seen.

Losses in the reinforcement businesses continued, but Stadco had a successful period through substantial contracts with the automotive industry.

In contrast, overall profit contribution from associates grew to £2.17m (£1.63m), reflecting in particular buoyant conditions in the Pacific Basin.

UK COMPANY NEWS

L&G dives into losses for the first time in memory

By Richard Lapper

LEGAL & GENERAL, the composite insurer, yesterday plunged into the red for the first time in living memory, with interim pre-tax losses of £84.6m, against profits of £41.5m in the first half of 1990.

The slump in the property market - and substantially increased provisions against mortgage indemnity losses was the principal reason for the dismal showing, announced yesterday by Mr David Prosser on his first day as chief executive. Mr Prosser has taken over the hot seat from Mr Joe Palmer who has retired.

However, buoyed by the strength of its balance sheet and a solvency ratio of 64 per cent, L&G increased its interim dividend by 5 per cent to 6.2p.

Losses from the general insurance business amounted to £134.7m (£20.3m), with provisions for mortgage indemnity claims lifted by £94m and subsidence leading to claims of £28m (£10m).

L&G has only a 10 per cent share of the market for domestic mortgage indemnity insurance – which insures lenders against losses they may incur on the sale of repossessed properties – but has taken a more cautious approach than any of its competitors.

Actual claims amounted to £17m in the first half. Total provisions against future claims reached £155m. These provisions included cover for future claims arising from sales of properties already repossessed.

In addition the group is also *providing for claims that it* believes will occur when mortgages currently in arrears enter into default.

Profits from the core life and pensions business declined to £57.3m (£60.4m), partially reflecting a fall of over 25 per cent in new annual premiums.

● **COMMENT**

The market had absorbed *yesterday's bad news well in* advance. Indeed the shares were able to rise 4p yesterday to close the day at 437p. Despite some concerns about the slow pace of new business growth, life business is still profitable, and future results will at least be untarnished by further damage from mortgage defaults. Pre-tax losses for the full year should be pegged back to between £45m and £65m. The market will also be encouraged by yesterday's announcement that L&G intends to further reduce its exposure to the more volatile general insurance business. *Moreover, the balance sheet* remains strong, with the share price at a substantial discount to the embedded value contained within L&G's life insurance fund. The shares are unlikely to be a source of much excitement but defensive qualities – evident in the dividend yield of 5.6 per cent (slightly cheaper than the sector average of 5.2 per cent) – should *shore up the price.*

Interest holds ABP to 4% rise

By Bronwen Maddox

A STEEP rise in interest charges – from £1.2m to £17.5m – held the pre-tax profits increase at Associated British Ports, the ports, transport and property company, to 4 per cent in the first half of 1991.

The taxable profits of £31.7m (£30.5m) were achieved on a sharp leap in turnover to £197.1m (£97.5m), reflecting the Aldwych House sale.

The ports and transport division's 47 per cent jump in trading profits to £39.3m was driven by Immingham, Hull and Southampton, ABP's largest ports, and mainly reflected further cost savings since the abolition of the National Dock Labour Scheme in July 1989.

Since then ABP has halved the number of its dock workers to about 2,000.

Turnover in ports and transport was pushed ahead to £92.5m (£87.8m) by a 5 per cent increase in ports tonnage, particularly container traffic at Southampton and bulk commodities from Hull.

Property investment profits of £10.1m (£7m) were helped by a rise in rental income from retailers.

The group made a small profit on June's £75.2m sale of Aldwych House, its largest development, but a further £5m provision against work in progress kept the property development side to a trading loss of £200,000 (£2m loss).

The Aldwych sale cut borrowings from £395m at December 1990 to £344m at August 1991.

Interest payable rose to £27.6m (£21.1m) but a fall in capitalised interest to £10.1m (£20m), following the completion of development projects, pushed the interest charge to £17.5m (£1.2m).

Earnings rose 5 per cent to 12p (11.4p) per share, outstripped by the interim dividend, up 13 per cent to 3.1p (2.75p).

Sir Keith Stuart, chairman, said that the land reclamation and jetty extension plans at Immingham, where the estimated cost has risen from £30m to £50m, would proceed whether or not the joint venture with National Power and PowerGen was successfully negotiated.

● **COMMENT**

The rocket of the ports profits since the NDLS abolition have given the group astonishing growth through the recession. Recent productivity gains and more capacity should now help it to make the best of a recovery in demand. Property development will probably continue to drag growth rates down, with no fast recovery in commercial property likely. But it seems churlish to complain that it greatly dilutes the group's attractions. Even though the scanty profit on the Aldwych sale looks a meagre return for the risks taken, it is a sale – a relief to those who felt the group was overstretched – and is far better than most developers have managed. On full year pre-tax profits of £67m (£60.2m), after a £32m interest charge and earnings of 25p (23.2p), the p/e of 13.6 shows the market is willing to focus on the group's virtues.

Hickson calls for £70m to cut £83.6m debt

By Jane Fuller

HICKSON International, the formerly acquisitive chemicals group where gearing hit 134 per cent in December and kept rising, has launched a £70m rights issue to tackle its debt problem.

The 2-for-5 issue, priced at 160p, was welcomed by the market and the shares gained 10p to close at 214p yesterday.

The move was expected as net debt had reached £83.6m last December. This included £40m of convertible capital bonds as debt, with the board – which has been considerably reshaped in the past year – admitting that conversion is unlikely.

Debt continued to rise in the first half of this year, when Hickson's pre-tax profit fell 44 per cent to £10.2m, including more than £3m of exceptional costs principally for redundancies. Forecasts for the full year are for about £22m (£26.7m).

Gearing comes down to 11 per cent when the issue proceeds are coupled with recent disposals, including William Blythe chemicals for £23m and the floor coverings business for £10.6m.

The balance sheet became stretched after five years of expansion which saw nearly £160m spent on acquisitions and £100m invested in established business.

Mr Ken Schofield, chief executive since November, said gearing should be held at between 10 and 16 per cent next year, allowing for the completion of new chemicals plants and spending to ensure that tougher environmental standards were met.

The group's trading had hit bottom in May and was now just pulling off it. Its geographic spread had been a mixed blessing with both Italy and the Netherlands suffering downturns early this year. In the US, the construction and DIY sectors remained depressed.

Hickson intends maintaining its final dividend at 5.15p for an unchanged total of 8p.

The issue has been underwritten by Lazard Brothers and Smith New Court are the brokers.

See Lex

Glaxo pins hopes on new drugs' growth

By Richard Gourlay

"There will never be another Zantac," says Sir Paul Girolami, referring to the anti-ulcer drug that has turned Glaxo into the UK's biggest industrial success story of the last decade.

But a clutch of new drugs emerging from Glaxo's relentless research and development machine this year have begun to fuel "a new cycle of growth," according to Glaxo's energetic chairman.

Yesterday's announcement of pre-tax profits *up 9 per cent to £1.28bn goes some* way to support that optimism.

In the first place, Zantac's time in the limelight is far from over even if the new generation of super-drugs are beginning to receive the glowing reviews.

Zantac still accounts for 47 per cent of group sales at £1.61bn, which in constant exchange rate terms is growth of 12 per cent. This growth rate has slipped from 14 per cent in 1990 but Mr Ernest Mario, chief executive, does not foresee negative growth for the drug within the next five years.

Glaxo still commands 40 per cent of the world market for anti-peptic ulcer drugs, down from 41 per cent last year.

The company dismisses the assault on its patents from Genpharm of Canada, which has applied to the US Food and Drug Administration to launch a generic, or unbranded, version of Zantac.

Its view is shared by Mr Steven Plag, pharmaceuticals analyst at County NatWest WoodMac, who believes Glaxo's patents are safe into the next century.

In the respiratory field, Glaxo's growth has been as impressive. Sales grew 15 per *cent in constant exchange terms* to £775m, while Glaxo's share of a market that is growing by 16 per cent a year rose one percentage point to 26 per cent. Sales of Ventolin, the largest of Glaxo's respiratory products, grew in constant currency terms by 8 per cent.

The launch last December of Serevent, the first new anti-asthma treatment in 20 years, had little impact on the year's figures. However, its ability to act as a long-*acting bronchodilator is expected* to give it a rapid market penetration, analysts say.

Antibiotic sales, accounting for 18 per cent of total sales, were £608m, with an underlying growth rate of 17 per cent. Glaxo's share of the cephalosporin market, considered the most competitive sector of the world pharmaceutical market, grew from 9 per cent to 11 per cent.

While the growth of Fortum and Zinacef, two antibiotic drugs, were a modest 5 and 11 per cent respectively in underlying terms, sales of Zinnat the oral version of Zinacef, grew 47 per cent.

Of the new drugs which Sir Paul hopes will take up the reins of growth, the best established is Zofran. Mr Mario said this anti-nausea treatment used in cancer treatment has been a "life-saving drug" for patients for whom chemotherapy would otherwise have been very difficult.

Its sales reached £78m in the year to June – the first full year since it was introduced in the UK and France. It has now been approved in 48 countries and launched in 35.

In addition, Glaxo launched Imigran, an anti-migraine treatment, in the Netherlands in June this year and has just received approval for an injection form in the UK.

In a notoriously difficult field for predictions, analysts have produced a particularly wide range of sales forecasts for this drug. At the pessimistic end, they project annual sales of less than $1bn; at the more optimistic end, over $3bn.

Lehman Brothers' recent study of the new "superdrugs" which are likely to have sales of $500m or more by the year 2000, forecasts Imigran sales of $2bn a year.

Overall Glaxo's sales grew by 7 per cent to £3.4bn but, stripping out the currency effect, were up 16 per cent, mostly due to a growth in markets rather than price rises.

The company's commitment to research and development is, however, likely to hit margins next year, according to Mr Plag. This will be partly offset by lower marketing costs, but margins will still slip slightly to 32.1 per cent, he says.

Nor will Glaxo enjoy the level of investment income it enjoyed in 1991, as a result of the high interest rates. Its £1.2bn of net cash earned the company £179m, up 26 per cent on last year.

Sir Paul says that while this is a large amount of cash, it is a source of comfort for a company which has to take a long-term view as it may not see any return from its mushrooming R&D facilities for up to 10 years.

A special dividend to hand some of this cash back to shareholders is out of the question, says Sir Paul. After all, this cash still represents only one year's profits.

Rolls-Royce confident despite profits plunge

By Paul Betts, *Aerospace Correspondent*

ROLLS-ROYCE, the aero-engine manufacturer, reported a 90 per cent fall in first half pre-tax profits from £115m to £11m reflecting the current slump in the aerospace and defence sectors.

First half profits included £26m in exceptional charges to cover the restructuring programme as well as an accounting problem in South Africa.

The company expects to face additional restructuring charges in the second half, but these are expected to be offset by savings in operating costs from earlier rationalisation.

Overall, City analysts expect Rolls-Royce to report full year pre-tax profits in the £80m-£100m range compared with £176m last year.

Sales rose by 5 per cent from £1.59bn to £1.67bn. However, profits were impacted by higher research and development costs of £118m in the first half compared with £86m in the same period last year. But the company said R & D spending would be reduced in the second half. Overall R & D costs would be lower than last year's total of £237m.

Aerospace profits were sharply down from £72m to £4m reflecting the decline in the military business and the current slump in the commercial airline industry.

However, the company's industrial power operations turned in a better earnings performance with profits only slightly lower at £38m (£40m).

Aerospace sales were marginally higher at £987m compared with £983m while industrial power sales were £683m compared with £607m.

The company said the order book was strong at £7.2bn.

The interim dividend is maintained at 2.55p.

Starmin makes £20m call for further expansion

By Peggy Hollinger

STARMIN, the engineering and quarrying business run by the Abdullah brothers, yesterday announced a £20m cash call, a £13m acquisition and sharply improved results.

Proceeds from the 3-for-4 rights issue, at 14½p per share, will be used to purchase Warecrete, a Hertfordshire quarry business, and to pay debt.

Borrowings total about £6.5m, giving gearing of about 45 per cent before the cash call. "The rights will take us to a cash neutral position, with no gearing," said Mr Raschid Abdullah, executive director. This is the group's third rights issue to fund expansion since the Abdullahs bought into Starmin, *then known as SI* Group.

Mr Abdullah, who with his brother Osman built up Evered, one of Britain's largest quarrying businesses from an engineering shell, said yesterday that Warecrete would provide Starmin's first fully-integrated quarrying business in England and would be the last *big deal for the time being.*

Analysts said investors would have expected a rights issue of this size, given Starmin's policy of rapid expansion.

In the year to May 31, Warecrete reported losses of £36,000 on turnover of £3.68m.

Starmin, meanwhile, reported pre-tax profits of £785,000 for the six months to June 30, compared to a loss of £63,000 last time which was due to the original engineering business, which continued to incur losses this year.

Turnover jumped to £7.84m (£2.41m) following the acquisition of some 15 businesses and quarry related assets. Earnings came to 0.3p (0.1p loss). The interim dividend has been reintroduced at 0.1p.

UK COMPANY NEWS

Decline to £9m knocks 9p off Wm Baird shares

By Alice Rawsthorn

SHARES OF William Baird yesterday fell by 9p to 263p after the textile and engineering group announced a 29 per cent fall in midterm pre-tax profits from £12.9m to £9.15m.

Baird, which recently staged a £39m rights issue to raise capital for investment and acquisitions, has felt the effect of the recession on both textiles and engineering, its two divisions. Mr Donald Parr, chairman, said the markets for both businesses had been "very weak indeed."

Group turnover slipped to £239.1m (£240.3m) in the six months to June 30. The interim dividend is maintained at 3.55p despite lower earnings of 6.4p (9p) per share.

Textile activities, where Baird is one of the largest suppliers of clothing to Marks and Spencer, were hit by weak consumer demand and the impact of last spring's increase in VAT. Operating profits from this source fell to £8.83m (£10.4m) in spite of slightly increased turnover of £188.9m (£185.5m).

Darchem, the engineering division, suffered lower demand as the recession hit customers in the power, motor and aerospace industries. Operating profits fell to £3.71m (£4.76m) on turnover of £50.2m (£54.8m).

Interest charges rose to £3.13m (£2.53m). Proceeds of the rights issue, which arrived in May, should ensure that the group has no debt by the year end.

Mr Parr said there was no sign of an improvement in conditions for textiles, although the market had reached a plateau. The engineering division was likely to deteriorate further.

● COMMENT

These results were slightly worse than the City had expected, so Baird missed out on yesterday's mini-surge in the textile sector. The group seems to have succeeded in stabilising its position in textiles and ought to be able to hold its own until the clothing market recovers next year. But engineering, which was slower to feel the effect of the recession, still has some way to go before it comes out of the doldrums. Analysts expect a fall in pre-tax profits to £30m for the full year, putting the shares on a prospective p/e of 14. But Darchem's difficulties seem set to continue to cloud Baird's prospects, even though recovery is in sight for textiles.

Triplex Lloyd raises funds in Dunstall deal

By Ivor Duce

Triplex Lloyd is effectively raising £5.7m in cash for £5.8m in paper by offering five ordinary shares at 130p each – they were 129p before yesterday's announcement – for every two Dunstall Park Holdings ordinary.

The offer values Dunstall, which recently sold Wolverhampton Racecourse, at 325p per share, compared with 250p when they were last traded.

Main shareholders support the move which immediately gives Triplex Lloyd £3m cash following the Wolverhampton sale. It is unlikely to have problems with the property sales with one tenant – RHM Retail – letting 24 of the properties.

Dunstall holders get a substantial increase in income with the gross income on 5 new Triplex Lloyd ordinary worth 46.66p against 13.33p in gross income from two Dunstall ordinary.

Full acceptance of the recommended offer would involve the issue of about 4.44m new Triplex Lloyd shares, representing about 9 per cent of its enlarged equity.

Canning 36% lower in patchy first six months

By Paul Cheeseright, Midlands Correspondent

W CANNING, the Birmingham-based speciality chemicals manufacturer and electronic components distributor, yesterday reported a 36 per cent fall in interim profits.

But figures for the company, which has three quarters of its business overseas, showed that the 1991 first-half performance was markedly better than that of the 1990 second half.

Pre-tax profits for the six months to end-June were £3.06m, compared with £4.77m in the same period of 1990 and £2.06m in the second half of that year. Earnings per share were 6.2p (9.5p), but the interim dividend is maintained at 2.94p.

The trading performance was, at best, patchy, although the figures were broadly in line with market expectations. Mr David Probert, chairman, predicted: "The general uncertainty in trading looks as though it will continue in the second half."

Speciality chemicals volumes were lower in the UK, and demand dropped in France but remained firm in Germany. In electronic components, Germany was a mixed market, Spain was bad, but France and Italy were good; there has, however, been considerable pressure on margins.

Canning has sought to combat erratic market conditions with the introduction of new products – one to assist the incineration of chemical waste in the US, for example – and with cost-cutting.

Redundancy and business termination costs taken above the line as an exceptional item came to £541,000. But there was an extraordinary item of £1.1m, covering the cost of closing down a joint venture in Australia and of reducing operations in Spain.

Since last September, Canning's workforce has been reduced from 1,308 to 1,174. The largest amount of redundancies came in UK speciality chemicals manufacture, where 101 jobs were lost.

Gearing remains about 45 per cent and could increase in the second half, largely because of working capital requirements and delayed payments on earlier acquisitions, if a £7m programme of asset sales does not come to fruition.

John Lewis down 28% and warns on full year

By John Thornhill

JOHN LEWIS Partnership, the department store and supermarket group which is owned by its employees, saw half-year pre-tax profits fall by 28 per cent because of the worsening economy.

JLP, which runs 22 department stores and 96 Waitrose supermarkets, recorded a 6 per cent increase in sales but escalating costs and increased borrowing charges resulted in the pre-tax fall.

In the six months to July 27, taxable profits amounted to £23.8m (£33m) on sales of £1.07bn (£1.01bn).

Mr Peter Lewis, chairman, warned employees – or partners – that he could see no upturn in the economy. He therefore expected full-year profits to fall "well short" of last year's £91.5m.

He added that partnership pay costs were 11 per cent ahead of the previous year's figure, running at almost twice the rate of the sales increase. "Until we can reverse this trend the strain of that will have to be taken very largely on Partnership Bonus," he said.

In the half-year, trading profits declined from £45.9m to £40.1m and interest and preference dividend payments accounted for a further £10.8m (£7.9m).

'Nearly-new' sales lift Bletchley 24%

Shares of Bletchley Motor Group jumped 20p to 135p yesterday after the USM-traded distributor and contract hire company announced pre-tax profits ahead by almost 24 per cent in the first half of 1990.

Mr David Dunn, chairman, attributed the increase – from £328,000 to £406,000 – to tight cost control and targeting of sales. Effort was concentrated on "nearly-new" vehicles, especially for the corporate sector, which helped the group overcome the slump in new car sales.

Turnover rose to £30.3m (£27.9m). Earnings per share emerged at 8.4p (6.7p) and the interim dividend is held at 4.1p.

The fatal attraction of Magnet's MBO

Michiyo Nakamoto reports on the kitchen retailer's Topsy-like debt

HIGHLY leveraged buy-outs are supposed to be risky. But advisers to the management buy-out of Magnet, the kitchen retailer, are finding that the risks are not simply restricted to financiers, as they themselves face legal action for negligence and misrepresentation from a disgruntled Magnet creditor.

Bankers Trust, which led Magnet's £629m buy-out in 1989, Arthur Anderson, which advised Magnet's management, and Arthur Young, the company's auditor, are facing legal action by GE Capital, the financial services arm of General Electric of the US.

The US group has issued writs for damages against the three and against Airedale Holdings and Water Meadow Holdings, Magnet's parent companies following the MBO.

GE is claiming that it was misled when it provided £70m of mezzanine finance for the buy-out and therefore its finance should rank higher up the scale for repayment.

The move by GE adds another twist to the already complicated Magnet saga, which goes back to the spring of 1989.

The controversial buy-out, led by Mr Tom Duxbury, then chairman and chief executive, ran into trouble even before it got off the ground.

Shareholders at first resisted the terms, resulting in a long drawn-out wrangle that meant the buy-out was not completed until July although it was announced in March.

Then, almost as soon as it was completed, the banks which provided finance to the deal found themselves unable to syndicate their exposure.

The buy-out had been launched at the peak of the consumer and housebuilding markets, on which Magnet is dependent. But by the time it was completed, trading conditions had rapidly started to deteriorate.

Banks opposed the deal on the grounds that profit estimates were too optimistic in the light of market conditions.

Indeed, in their April offer document, directors stated that Magnet's pre-tax profit for the year to April 1989 was estimated to be about £72.7m.

Letters from Arthur Young and Kleinwort Benson, which was acting as adviser to Magnet, uphold this profit estimate.

In fact, pre-tax profit for the year turned out to be just £45.9m.

For Magnet's creditors, what happened in the few months after the buy-out was to alter materially the terms of their loans to the group. It soon became clear that the group would not be able to finance its debts out of its cash-flow.

By December 1989, the group was forced to reschedule its loans and interest payments. Interest on £190m of subordinated debt, including GE's exposure, was deferred for at least three years.

A document to shareholders outlining the refinancing agreement that Airedale reached with its bankers, notes: "After the offers had been declared unconditional, the board became aware that . . . certain material deficiencies existed in the accounting systems of the Magnet group."

Two directors involved in the MBO, including Mr Duxbury, who had been the driving force behind Magnet, had left by early 1990. The third has since left.

At the time of the MBO, a holding company, Airedale, was formed as the vehicle to buy out Magnet Home Improvements, now renamed Water Meadow Holdings.

Magnet itself, the trading company that sells kitchen furniture to consumers, was and remains a subsidiary of Water Meadow.

The institutions which provided financial backing to the MBO, including GE, made their loans to Airedale, the ultimate parent company, which was to fund its interest and principal payments out of an income stream consisting principally of dividend payments from Magnet.

Colin Beere

Magnet: advisers to its ill-timed and, with hindsight, disastrous buy-out are being sued by GE Capital

The loans were not secured against Magnet's assets, which totalled about £340m. But Airedale and Water Meadow were to be merged after the buy-out, allowing creditors to secure their loans against Magnet's assets.

When the trading environment turned so dramatically against Magnet, Water Meadow's board decided not to merge with Airedale.

The decision was based on the view that Magnet's cash-flow not would be sufficient to service Airedale's debts. Agreeing a merger with Airedale would be tantamount to giving up Magnet's assets to Airedale's creditors.

As Magnet's trading environment remained weak, Airedale was forced to reschedule its loans a further two times in 1990. Borrowings and interest rolled over have since ballooned to £664.8m and the company has a negative net worth of £470.5m.

In the year to end-March, Magnet reported pre-tax losses of £18.1m (losses £30.9m) on sales of £225.3m (£265.7m). No dividend payment was made.

It does not, however, have any borrowings of its own and is unaffected by Airedale's debt position. Neither is it under any obligation to pay dividends to Airedale.

For GE, all this means that the value of its £70m of mezzanine finance to Airedale is virtually worthless.

Water Meadow's decision has deprived Airedale's creditors of a claim to Magnet's assets as security against their loans. But these have have shrunk to £180m as a result of the plunges in property prices and in consumer spending.

GE's debt ranks at the very bottom of a total of about £700m owed by the Magnet group to its creditors, so that even if Magnet's income position were to improve markedly in the years ahead, there is more than £400m worth of senior debt waiting to be serviced ahead of GE's own subordinated loans.

Bankers Trust and the other firms being sued will not comment beyond saying that they are defending their positions against GE's claims. Airedale's other bankers have agreed to continue supporting the group financially through the defence.

Indeed, they are baffled by GE's move, according to one source.

GE would not comment on whether it has written down its loan to Airedale. But the lending agreement means there is no chance of raising the ranking of GE's loans and the only likely explanation for its action is that, having given up on its £70m exposure, it is resorting to legal action in an attempt to claw back what it can.

The Magnet deal was supposed to hail the arrival of the mezzanine debt market in the UK. Bankers Trust was keen to expand its presence in the leveraged buy-out business, where it had expertise, while GE was expanding aggressively in the UK subordinated debt market.

Ironically, as one of the largest MBOs in the UK at the time, the Magnet deal would have been seen by both as an ideal opportunity to make their mark in their respective specialist fields in the UK.

By any standards the experiment was a disaster for both alike.

Admitting that it has stumbled over one of its first substantial transactions may not do much for GE's reputation. But bankers close to the deal are wondering what it has to gain by further jeopardising Magnet's chances to start to repay its debts.

Crystalate contribution helps TT to £6.7m

By Jane Fuller

TT GROUP, the industrial holding company which was thwarted recently in its takeover bid for Magnetic Materials Group, increased pre-tax profits by 46 per cent from £4.64m to £6.77m, in the first half to June 29.

Although 80 per cent of TT's business lies in the UK, Mr Nicholas Shipp, a director, said: "We have not experienced a major downturn."

The results benefited from a six-month contribution from Crystalate, the electronic components maker acquired for £34m in shares and cash after a five-month battle.

Group turnover more than doubled to £78.3m (£32.6m). Operating profit of £8.54m (£4.79m) was reduced by interest costs of £1.77m (£152,000) arising from the acquisition.

Mr Shipp said borrowings were small pre-Crystalate, but after the takeover gearing rose to 70 per cent. With the help of a £9.7m preference share issue in November, the year-end figure was cut to 40 per cent and had improved slightly since.

The abortive bid for Magnetic Materials, another components maker, cost about £3m cash as TT acquired a 38 per cent stake. Mr Shipp said the dividend would cover the related interest cost and the group remained on the lookout for other underperforming manufacturing businesses.

Some of the profit growth had been organic, the largest contribution coming from the industrial division, comprising fasteners and aircraft components as well as Crystalate.

In packaging, demand for glass containers was buoyant from the pharmaceuticals and food sectors; the latter also benefited the stretch-film subsidiary.

Building services received record orders for suspended ceilings, particularly from retailers, and ironmongery made up for lost UK business by exporting to the Middle East and Far East.

Earnings rose by less than 7 per cent to 6.5p (6.1p) as the number of shares in issue increased by nearly 30 per cent. The interim dividend increases to 2.2p (2p).

The company's broker is forecasting full-year pre-tax profits of £14.6m (£10.5m) with earnings per share of 15p (14p). The share price reached a new high of 188p yesterday, after rising 5p on the figures. It has doubled in the past 12 months.

UK COMPANY NEWS

US and continental input helps UB to £86m

By Guy de Jonquières, Consumer Industries Editor

UNITED BISCUITS increased pre-tax profits by 4 per cent from £83m to £86.1m in the 28 weeks to July 13, thanks largely to a strong performance in the US and contributions from recent continental acquisitions.

Mr Robert Clarke, chairman, said the improvement was made in spite of difficult trading experienced in UB's main markets.

"It would, I believe, be unwise to predict a significant upturn before the end of the year," he said, though he remained confident of a satisfactory full-year result.

Sales rose 9 per cent from £1.4bn to £1.53bn. A 13 per cent rise in trading profit to £105m (£92.6m) was reduced at the pre-tax level by increased interest charges of £18.9m (£9.6m), reflecting acquisition costs.

Mr Clarke dismissed speculation that UB might be a bid target, saying: "I don't see any major hostile bids coming." Analysis of the company's share register had revealed no unusual change in ownership.

Trading profits rose in all divisions, except Terry's, where weak sales of boxed chocolate was blamed for a fall to £3.1m (£3.7m) on turnover of £62.1m (£56.1m).

Profits at Ross Young's, the frozen foods business, recovered to £14.1m (£13.4m) on sales of £291.6m (£301.5m) following extensive rationalisation.

The recession squeezed margins on business in the UK, where trading profit rose 3 per cent to £64.4m (£62.8m) on sales of £825m (£823m). Nonetheless, volumes were 1.2 per cent higher at the McVitie's biscuits business, while the KP snacks operation increased its share of all main British markets.

Mr Eric Nicoli, chief executive, said the Gulf war also had an "extraordinary negative impact" in the first quarter, though this was made up in the second quarter.

Keebler, the US biscuits and snacks subsidiary, increased trading profit by 16 per cent to £31.4m (£27.1m) on sales of £512.5m (490.8m).

New products helped Keebler raise its share of the declining US cookie market, while its sales of savoury snacks grew twice as fast as the US market.

Trading profit from continental operations trebled to £9m (£3m) on sales of £170m (£66m).

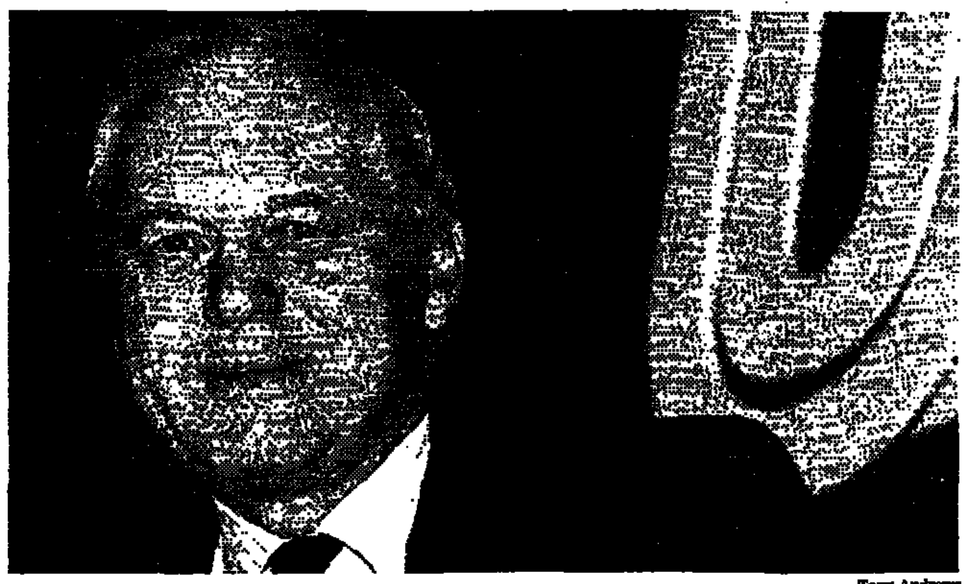
The increases partly reflected the acquisitions since January of Oxford Biscuits in Denmark, 49 per cent of Fazer Biscuits in Finland and of Gyori Keksz in Hungary.

Mr Nicoli expected to raise operating margins of the continental businesses in the medium term from about 5 to 10 per cent by increasing volumes and improving efficiency.

The interim dividend is increased to 5.5p (5.3p).

Earnings per share were 12.4p (12.2p) on an undiluted basis and 11.9p (11.6p) after dilution due to exercise of warrants and conversion of preference shares.

See Lex



Tony Andrews

Robert Clarke: improvement achieved despite difficulties in main markets

High margin contracting limits John Laing's fall to 20%

By Andrew Taylor, Construction Correspondent

JOHN LAING yesterday became the latest contractor and housebuilder to announce a sharp fall in interim pre-tax profits.

However, the decline of approaching a fifth from £7.8m to £6.3m during the six months to end-June, was less steep than most contractors have announced during the past few weeks.

The company said that net debt at the end of June stood at only £13m, equivalent to gearing of just 6 per cent.

The stock market also took comfort from comments by Mr Martin Laing, chairman, that he did not expect to have to add to the £12m provision the group made last year against its land bank.

Mr Laing said that there would have to be a further fall in house prices for provisions to re-occur.

The shares rose 7p to 299p.

Earnings per share fell from 5.9p to 4.8p and the group has decided to maintain its interim dividend at 3p. The last time this was increased was during the first half of 1988.

Profits would have fallen further but for another strong performance from the group's contracting operations which have continued to benefit from higher margin work won during the late 1980s.

Mr Laing said that the recession in commercial and industrial property markets had led to a reduction in the value of the group's forward order book to £1.5bn, compared with £1.88bn at the beginning of the year.

The housing division, which has struggled throughout the recession, incurred a further loss. The number of houses sold in the UK – the group operates primarily in south east England but also in Scotland – fell by 29 per cent from 841 to 600.

In the US, sales fell by almost a third from 191 to 129. However, the figure is expected to show a sharp improvement during the second half as sales, negotiated during the brief period of euphoria which followed the end of the Gulf war, are concluded.

● COMMENT

Laing, unlike many contractor/developers which have announced results recently, is generating enough profits to cover its maintained dividend without dipping into reserves. It strengths are minimal gearing, which should remain under 10 per cent at the year end, and a quality contracting business which generates a positive cash flow and has helped offset the collapse of housing profits. These it hopes, should be on the mend by the time lower margin work starts to impact on contracting earnings. Full year profits, after taking into account all the swings and roundabouts, could be about £20m, the same as last year. This would put the group on a prospective p/e of just over 18. The shares are worth the price just for the comfort of the dividend cover.

Portals overcomes margin pressures with 4% rise

By Peggy Hollinger

PORTALS GROUP, banknote paper supplier to the Bank of England since 1724, beat off the effects of recession to unveil a 4 per cent rise in pre-tax profits to £11.7m for the six months to June 30.

Turnover rose by 3 per cent to £94.5m.

Mr Michael Morley, chief executive, said he was encouraged by the performance, despite pressure on margins in the protection and controls division.

Operating profit in this business fell 25 per cent to £2.77m reflecting losses incurred in the first quarter at Airoil-Flaregas, which makes low emission burners for the petrochemical industry. Margins declined to 6 per cent for the same reason.

Airoil, which accounts for about 20 per cent of the division's turnover, had problems coping with high demand; new management had moved the business back into the black in the second quarter, Mr Morley said.

Houseman, involved in air and water hygiene for buildings, performed well, as did Computer Technology, he added.

The best performance, however, came from the security and specialist papermaking arm, which was strongly boosted by JR Crompton, the teabag paper maker acquired for £37m in March 1990.

Turnover rose by 2 per cent to £48m, of which about £16m was due to Crompton, and operating profits improved by 16 per cent to £9.3m.

One of Crompton's three mills was closed and £5m will be invested in the business's Lydney plant. Much of Crompton's emphasis will be on environmentally friendly, chlorine-free paper. Mr Philip Conway, executive director, said this was a growing market, with about 50 per cent of Crompton's sales in this area.

Germany, following reunification, was an increasingly important market for environmentally friendly products.

Banknote paper, by far the division's biggest business, maintained its position, despite a setback during the Gulf war.

The group warned that central results, which comprise property sales minus overheads, would be significantly lower than last year's gain of £2.4m.

Earnings per share rose to 13.39p (12.73p) basic and 13.21p (12.21p) fully diluted. The interim dividend is maintained at 5p.

Gearing, based on net debt of £16.5m, was 16 per cent, one point higher than at the year-end. This included the outstanding balance of £12m on the Crompton purchase.

Halifax rises despite provisions

By David Barchard

BAD LOANS forced Halifax Building Society to make record loan loss provisions of £123m in the first half of the current year.

Announcing interim results for the six months to July 31, Halifax revealed yesterday that its provisions against mortgage losses soared from £12m a year ago to £95m.

Pre-tax profits were £307m, up from £285m a year earlier.

"We believe that this is pretty realistic provisioning," said Mr David Gilchrist, group general manager. Halifax also put aside £5m on commercial lending; £22m on personal loans; and £1m on its Maxim chequebook current account.

Before making provisions, Halifax was able to report a sharp increase in its operating profits which were up by 36 per cent, but its assets grew by only 3 per cent in the first six months of the year to reach £55.9bn.

Gross lending was £3.75bn, down from £5.64bn in the same period last year, and the number of loans for house purchase fell from 130,000 a year ago to 89,000 in the first half of this year.

The society's estate agency network reduced its losses from £8m a year ago to £3m, in spite of the continuing stagnation in the housing market.

As result of its lower volume of growth, the gross capital ratio of the society improved to 5.2 per cent

Analysts said they were surprised by the size of Halifax's residential provisions. Abbey National, Halifax's main competitor in the mortgage market, also increased its residential lending provisions, but at £58m they were much smaller than those of Halifax.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AB Ports	int	3.1	Nov 6	2.75	-	7.25
Albany Inv Tst	int	1.25	Oct 18	1.2	-	3.7
Baird (William)	int	3.55†	Jan 3	3.55	-	8.9
Bletchley Motor§	int	4.1	Oct 9	4.1	-	7.85
Brammer	int	4.5	Oct 24	4.5	-	13
British Fittings	int	1.375†	Nov 29	1.375	-	5.975
Canning (W)	int	2.94	Dec 1	2.94	-	7.29
Cannon St Inv	int	3.3†	Oct 31	3.3	-	8.55
Cussins Property	int	nil	-	3.75	-	3.75
Emess	int	0.65	Nov 21	1.3	-	3.5
Estates & Gen	int	1.225	Nov 6	1.225	-	3.75
Glaxo	fin	19.5	Nov 21	15	28	22
Great Southern §	int	3.3	Nov 4	3	-	8.5
Haden MacLellan	int	3	Nov 4	3	-	8
Hall Eng	int	3.3	Oct 25	3.3	-	8.64
Hartons	int	nil	-	0.1	-	0.1
Laing (John)	int	3	Nov 15	3	-	13
Legal & General	int	6.2	Dec 2	5.9	-	17.9
Matthews (B)	int	2	Oct 25	2	-	4.5
MTL Instruments	int	1.5	Oct 29	1.2	-	2.8
Portals	int	5†	Dec 31	5	-	13
Rathbone Bros §	int	2.5†	Nov 1	2	-	8
Rolls-Royce	int	2.55	Jan 6	2.55	-	7.25
RTZ	int	6	Dec 16	6	-	19.5
Sirdar	fin	3.5	Nov 25	3.5	5.15	5.15
Starmin	int	0.1	Nov 7	-	-	0.1
Swallowfield	int	2.2	Oct 31	2.2	-	6.1
Stormgard	fin	nil	-	1	nil	2
TT	int	2.2	Oct 9	2	-	5
Utd Biscuits	int	5.5☆	Jan 3	5.3	-	14.4
Waterford Fds A	int	1.1♣	Nov 6	1.05	-	2.5
Waterford Fds B	int	0.75♣	Nov 6	-	-	0.525
Waterglade	fin	nil	-	2.75	1	4.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip option. ♣Irish currency.

Emess shows sharp decline

By Roland Rudd

Emess, the lighting and electrical accessories company, reported a 78 per cent drop in interim profits after a disappointing performance on both sides of the Atlantic.

Trading profit for the six months to end-June declined from £6.2m to £3.7m, and after interest charges doubled to £2.4m, pre-tax profits slumped from £6m to £1.3m. Turnover was £73.5m (£81.8m).

The interim dividend is cut from 1.3p to 0.65p.

Mr Michael Meyer, chairman and chief executive, said: "The interim results should not be looked at in isolation from the full-year. Most of our profits in the consumer lighting business are earned at the end of the year."

He said a principal cause of the fall was the reduction in sales at Alsy, the US consumer lighting company.

Emess has responded by cutting the workforce by 500 to 2,900 and reorganising the business to reduce costs.

Fully-diluted earnings per share fell from 3p to 0.6p.

TECHNOLOGY

Christopher Price examines the growing market for videophones

Talking pictures

The prospect of having to smarten yourself up to use the telephone may not be everyone's idea of progress. But the concept takes a step nearer reality this December when several of Europe's telecoms operators embark on pan-European trials of videophones.

Eve-2 (European Videophone Experiment) will involve up to 250 businesses in six countries and attempt to consolidate on standards, products and costs in a market that BT estimates will be worth $3bn (£1.7bn) a year in Europe by 1995.

Optimistic telecoms companies are already planning to launch commercial products within the next year. "It is not a question of if the trials will succeed," says Ronald Plompen of PTT Nederland, "but how quickly we can create the demand for the market."

The fast pace of development has been made possible by the installation of integrated services digital networks (ISDNs), which have begun to replace traditional analogue phone circuits throughout Europe.

ISDN has the ability to carry a greater amount and complexity of signals which in turn has allowed enhanced picture and sound quality to be transmitted. Typically, ISDN has increased the carrying capacity of telephone lines to roughly six times their previous level.

To take advantage of the ISDN quality, the telecommunications industry has developed an enhanced codec (coder/decoder) device which sits within the videophone unit. It compresses visual images and turns them into digital signals.

Thus where a normal television picture would need 140 megabits/second transmission space, the new video codec compresses it to just 64 kilobits/second – the carrying capacity of a single ISDN line. The effect is to reduce the potential cost of using the videophone to that of a single ISDN line – in the UK the equivalent to the cost of a conventional phone call.

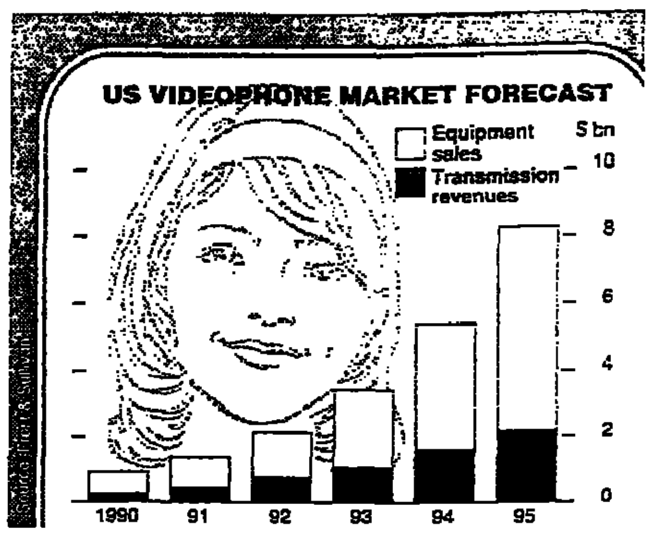
The participants in Eve-2 – France Telecom, British Telecom, Deutsche Bundespost, Norway Telecom, PTT Nederland and SIP Italy – are all at different stages of ISDN development.

In France, Eve-2 participants will involve up to 100 companies. Jean-Pierre Guinen, France Telecom's representative on Eve-2, says: "There are only two problems with videotelephony – the lack of ISDN and the cost of the videophone units themselves. In France we only have the latter problem."

In Britain and Germany ISDN already links up major business centres. Graeme Mills, BT's representative on Eve-2, says the trials will enable the operators to target specific market areas when commercial development takes off. "Eve-2 will allow us to find out customer needs and how they react to the equipment, tariffs and network facilities."

The types of product and services the participating companies will favour will be watched anxiously by operators and manufacturers. There are at least a dozen Japanese, American and European manufacturers getting ready to launch videophones.

BT has a model which incorporates a four-inch camera set into a terminal above a 9x4-inch screen and phone. Features include a button to allow self-viewing and another to deny viewing access. Another design incorporates just the camera and screen and would fit into compatible office and home phones.



Perhaps the most exciting product development is a computer board which users can slot into their personal computers – to receive pictures on screen of TV quality while talking on the phone. A separate finger-sized camera would be sold to sit with the PC to send pictures to the caller.

Other areas being eyed by BT include the launch with Eve-2 of a multi-point service which will enable any number of videophones, each using a 64 kbit/s line, to talk together.

"Videophone multipoint is a world-first," says Mills. "It will allow people to see and talk to each other from any number of compatible centres." Cameras would be voice activated so that the person speaking would always be in view. This would be achieved by a switching unit installed on the premises with one of the phones, and in the future in BT's own exchanges.

As with all new technology the initial costs will be high. BT estimates that the cost of a stand-alone videophone will be £5,000. "We expect the cost of the units to fall away quite quickly as the service develops," says Mills. The cost of a videphone should come down to around £300 within five years, he estimates. BT charges £400 to install an ISDN socket plus £360 a year rental, in addition to call charges.

"One of Eve-2's prime roles is to act as publicity for the new service," says Plompen. "With that and the successful trial of the products and services, the market will grow and grow."

Liquid crystal moves to the big screen

Applied Materials, a leading US maker of semiconductor manufacturing equipment, is setting up a Japanese subsidiary in a bid to cash in on one of the most vexing problems facing the makers of portable computers: how to raise the manufacturing yields of flat panel displays.

Currently about 90 per cent of display panels that come out of the factory have to be junked because of defects. A microscopic speck of dust just 2/10 of a micron (2/10 of one millionth of a metre) is enough to short circuit the thin film transistors used for liquid crystal display (LCD) panels. The problem is much more severe than with silicon wafers used for semiconductors because of the large size of the panels – 1,575 square cm as opposed to 0.8 square cm.

The poor yields for LCD screens have kept prices high and prevented wider use of the devices, which many experts believe will eventually replace the cathode ray tube in televisions in the home. The thin film transistor screens are more compact, and lighter. They consume far less electricity, can produce a high-quality picture and, in theory, should be less expensive to produce.

Applied Materials has grown rapidly by developing equipment to manufacture films for semiconductors with high yield rates, and it will try to repeat this using similar technology with the much bigger flat panel displays.

To date most LCD panel manufacturers have had to adapt manufacturing equipment designed for making solar cells, which are far more tolerant of contamination. It is a labour-intensive process in which human intervention is the inevitable source of tiny particles that find their way between the thin layers of film.

"Our ability to pursue this opportunity is the result of doing 20 years of business in Japan," says James Morgan, chairman of Applied Materials.

Applied materials is one of the rare US survivors in the semiconductor manufacturing equipment industry and one-third of its $567m (£330m) sales last year were in Japan. Morgan said the decision to enter the LCD equipment business came after numerous requests from Applied Materials' Japanese customers and the maturing of technologies needed to make a success of the new manufacturing effort.

He says it would be impractical to develop the equipment without working closely with customers who will manufacture the displays. Applied Materials will design an automated system to operate in a vacuum, thus eliminating human intervention.

The company will employ chemical vapour deposition, plasma etching and physical vapour deposition – techniques for putting electronic circuitry into thin films. Applied Materials is hoping to raise the manufacturing yields for thin film transistor screens to 70 per cent by 1995. This, it believes, would help the market grow from $350m this year to $3.1bn by 1995.

The production equipment market this year is estimated at $450m and can also be expected to grow rapidly. Applied Materials will not be alone in the market. Its fiercest competitor is likely to be Anelva, a subsidiary of the Japanese electronics company NEC, which is the world's largest maker of semiconductors and claims 75 per cent of the world market for chemical vapour deposition equipment.

Anelva has already started marketing specialised LCD production equipment and claims yields of 50 per cent for some types of products.

Steven Butler

Car bumper gets a second chance

DENTING your car bumper is bad news for your insurance premium; it is also bad news for the environment because many of the dented car parts end up rotting on the scrap heap.

But Nissan, the Tokyo-based car company, has developed a paint-removal system for plastic bumpers. Until now plastic bumpers have been largely non-recyclable, as the paint on them could not easily be removed.

Nissan's technique involves pulverising the polypropylene bumper and then mixing it with a solution containing halogen-free organic salts. These break down the paint chemically without the use of strong acids or alkalines.

By removing the paint residue using a centrifuge, the waste liquid can be re-used. The plastic can be formed into bumpers in the same way as new materials, and Nissan is planning to install bumpers made of the recycled materials on new vehicles.

Computer applies for a night job

RUNNING a complicated spreadsheet program or updating a report can often mean the PC user has to take a coffee break while the PC completes its task. Such time-consuming tasks can now be done after office hours with a software package developed in the US by Complementary Solutions, of Atlanta.

Sold in the UK for £99 by SAI, of London, Automate/Anytime, as the package is called, runs with any IBM compatible PC and popular applications packages for, say, spreadsheets or report writing. By calling up the main menu, the user can instruct the PC when to carry out the job – whether a one off task, or a program to be run every evening or week.

Automate/Anytime can also be used for the routine task of backing up all data to mitigate against the problems of a computer failure.

Power loses its attraction

ONLY 3 per cent of PCs purchased next year by major organisations in the UK will be powerful machines based on Intel's latest 486 processor, according to a survey published by Romtec, the Maidenhead-based information technology research organisation.

Instead, most organisations will opt for 386-based machines. Fifty-two per cent of respondents said they would opt for machines based on the 386SX processor, while 31 per cent planned by buy 386DX-based ones.

More than two-thirds of corporate PC buyers – 69 per cent – will also buy portable PCs in 1992. In total one in every four PCs purchased will be a portable machine, say the authors of the report.

The report took into account the views of 220 managers from the UK's largest corporations. The organisations had, on average, 125 PCs on every site – a figure set to grow to 139 PCs per site by February 1992.

Designing the perfect document

DOCUMENT management systems already in use in office applications are now finding their way into the engineering and design industries.

Xerox Engineering Systems, of Marlow, Buckinghamshire, has announced a document system which will enable manufacturers, engineers and designers to store, modify and print or plot documents electronically. The system can scan into the system, and print from it, the large format diagrams needed by the design industry.

Based on an open systems architecture and Sun Sparc workstations, the Xerox Engineering Document Management System has a relational database and optical storage to handle the documents, which today are normally stored on paper or microfilm.

Bullish about the arrival of Taurus

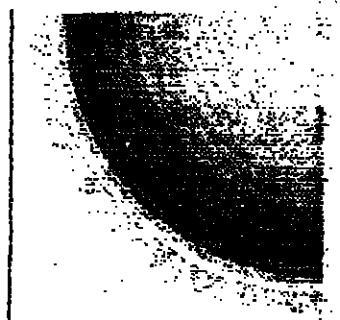
THE changing computer requirements of the securities industry following the expected implementation of the Taurus electronic trading system next year has opened the market for a range of computer systems.

One company which believes it can fulfil all the requirements on a single system is Citymax, the computer systems subsidiary of Credit Suisse, with Brokermax Plus.

The software, which can run on a PC, Apple Macintosh or a front-end processor from a larger computer system incorporates tools for settlements, trading and funds management. In addition it has the more usual office applications such as word processing, Lotus 1-2-3 spreadsheet and tools such as Windows and a mouse.

As well as selling the combined hardware and software system, Citymax is offering a bureau service to companies that do not want to invest in a large computer system.

Brokermax Plus already complies with the specifications issued by the Stock Exchange for Taurus, but Citymax has undertaken to upgrade Brokermax Plus as the requirements change.



WORTH WATCHING

by Della Bradshaw

Young Engineer for Britain

AN ELECTRIC drill attachment, which enables the user to drill accurately from different angles, has won a schoolboy from Shropshire the Young Engineer for Britain 1991 award, organised by the Engineering Council.

The "Drill-mate", designed by 18-year-old Adam Seedhouse, of Oldbury Wells School, Bridgnorth, comprises an arm which holds a degree chart and a plastic ball containing glycerine – which operates in the same way as the bubble in a spirit level. By attaching the arm to the drill, adjusting the degree dial to the required angle and checking the level of the spirit ball the hole can be drilled with accuracy.

Contacts: Nissan: Japan, 3 5585 2146. Complementary Solutions: US, 404 454 8033. SAI: UK, 071 404 9898. Romtec: UK, 0628 770077. Xerox Engineering Systems UK, 0628 892131. Citymax: UK, 071 929 5005. Oldbury Wells School: UK, 0746 765454. Engineering Council: UK, 071 240 7891.

COMMODITIES AND AGRICULTURE

US expected to reduce estimate of Soviet crop

By Nancy Dunne in Washington

AMERICAN FARM groups yesterday were awaiting the latest US Department of Agriculture crop estimates while building support for improvements in a food credit guarantee package for the erstwhile Soviet Union.

It was widely thought that the USDA would once again reduce its estimate for the 1991 Soviet crop to 180m-185m tonnes, down from 190m tonnes in the most recent forecast. However, the demand picture is shrouded in confusion.

Sales to the Soviet Union have been slow, with no US banks ready to take up the three-year USDA credit guarantees, which back only 98 per cent of the principle and 4.5% of the interest rates. Suggestions that the Soviets will ask for rescheduling on their old debt have added to the pessimism.

Still, the Agriculture Department is anxious to boost exports, which dropped last June to their lowest level in three years. Farm lobbyists are pushing for broader guarantees and humanitarian food aid once the Bush Administration has sorted out who will buy the food – the republics or central government – and how it will be distributed.

The US Feed Grains Council has already put together its own recommendations for credit guarantees: a $3bn minimum next year and an enhanced interest rate guarantee which would increase coverage from the fixed 4.5 per cent rate to a variable coverage of 80 per cent of the London inter-bank offering rate.

The American Soybean Association is also pushing for more food aid and credits. However, a delegation, which returned from the Ukraine this week concluded that any aid would have to be carefully targeted.

Mr Tom Brennan, an ASA official, said "an astonishing number" of Soviets referred to "the Mafia and how things disappear.

"I have some reluctance with sending in massive quantities of food to the detriment of existing structure. If we flood them with pork, then their farms won't have a market," he said. Food aid would have to be directed to the pensioners, orphanages and other poor.

The Administration is expected to formulate its policy after the return from the Soviet Union of Mr Richard Crowder, the USDA undersecretary, who was dispatched by the president to make an intensive study of the situation.

For both political and foreign policy reasons, the Administration is expected to find a way to help its former adversary. It has interests in maintaining stability in the former Eastern bloc and in next year's US elections. It is a rare election that leaves the highly professional US farm lobby without government largesse.

Still cheaper metals forecast

By Kenneth Gooding, Mining Correspondent

A RELATIVELY gloomy picture of the short-term outlook for metals was painted yesterday by Mr Phillip Crowson, chief economist for the RTZ Corporation, the world's largest mining company.

He suggested that stocks of the main traded metals, already bulging, would continue to rise during the coming year if producers took no action to cut output.

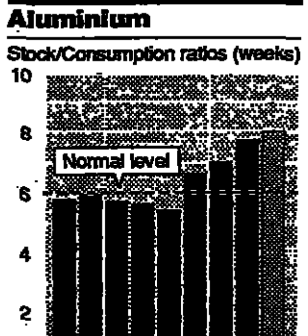
Aluminium was the worst affected and prices, currently well below most producers' costs, might drop another 5 to 10 per cent if there were no reductions. "Some very big production cuts are needed to stabilise aluminium prices," said Mr Crowson at a presentation connected with the announcement of RTZ's half-year results.

Copper prices were also destined to fall. He said: "I would be surprised if copper stayed above $1 a lb or dropped below 80 cents a lb in the next six months."

Mr Crowson pointed out that

Aluminium

Stock/Consumption ratios (weeks)



Source: RTZ

prices and sentiment were particularly affected by the stock/consumption ratio, which measured the number of weeks consumption in stocks.

The level at which stocks could be described as "normal" had fallen considerably in the past ten years to six weeks' for aluminium, slightly less for copper, about five and three quarter weeks for zinc and four and three quarter weeks for lead.

In July aluminium stocks had risen very sharply to eight weeks consumption, well above the normal level, copper was at 6.2 weeks and zinc at 5.9 weeks, he pointed out.

Mr Crowson suggested that demand for metals, which had not fallen much in 1990-91 would revive next year, but mainly in the second half. But "unless supply (of LME traded metals) is trimmed back, and in some cases substantially, stocks will continue to grow, even with healthy rises in consumption."

He said that present influences on the gold price were predominantly adverse. It would easily be possible to make out a case showing why gold would fall to $300 a troy ounce and below. "But it probably won't fall that far."

● Mr Bob Wilson, RTZ's chief executive, said that, although the recession had hit metal prices hard, it was cyclical and "I don't see the need for industry closures as a prerequisite for recovery."

Falconbridge to cut nickel output

MORE CUTS in nickel output were announced yesterday by Falconbridge, the world's third-largest producer, but this failed to prevent the metal's price slipping on the London Metal Exchange, writes Kenneth Gooding.

Falconbridge will cut 4,000 tonnes of production during the rest of this year by shutting down one of two electric furnaces at its operations in the Dominican Republic and suspending some mining at Sudbury, Ontario.

Inco, the second-largest nickel producer after Norilsk in the former Soviet Union, said earlier this week it would reduce output by 4,500 tonnes in 1991.

The price of nickel for delivery in three months, which had advanced by $212.50 a tonne on the LME since Monday, fell back yesterday to close at $7,949.50 a tonne, down $28. The cash price fell $50 to $7,955 a tonne. Traders said the three months price met resistance at $8,000 and this was likely to be a formidable barrier.

Brazil backs plan to hold coffee off the market

By Victoria Griffith in Sao Paulo

THE BRAZILIAN government has announced that it will propose a coffee retention scheme as an alternative to an international export quota system at the London meeting of the International Coffee Organisation later this month. Officials at the ministry of economics in Brazil also said it was "very likely" that the government would make available funds for the scheme from Funcafe, the government agency which offers credit to coffee farmers.

Local growers, who have assumed responsibility for financing the scheme, believe the Funcafe funds, about $168m, will more than cover the cost of retention.

The Brazilian government will present a proposal together with Colombia to withhold 10 per cent of coffee from the market. The scheme has already won the support of key coffee sector representatives in Central America. The governments are also hoping for the adhesion of African and Asian producers.

The plan is still riddled with uncertainties, however. The question of financing has not yet been resolved. Moreover, there is doubt over the future of 17m bags (60 kg each) of coffee the Brazilian federal government has in stock.

The governments of Colombia and Brazil have agreed that no federal stocks will be released until an international decision has been reached on the coffee retention scheme.

Brazilian producers are hoping that the plan will go into effect as early as October 1, and that it will boost prices significantly. Farmers say they are not discouraged by the recent fall in international prices. "This is nothing more than a case of profit-taking," said Luiz Sergio Pereira, director of one of Brazil's biggest coffee-growing unions.

Government agencies in Brazil are forecasting a 4 to 5 per cent increase in the country's coffee harvest this year. The Brazilian coffee sector believes that these figures are misleading, however, as last year's figures may have been a gross underestimate. A severe drought which has hit key coffee-growing regions in Brazil has also raised hopes for a surge in international prices. In the central-west of the country, it has not rained for over a month, a factor which could hurt the plants.

● The US said it would not help to finance the retention scheme, reports Reuters from Bogota.

"The US Government, as a general policy, is not prepared to finance stocks," the US embassy in Bogota said.

Defending Britain's countryside

Bridget Bloom on the environmentally sensitive areas scheme

LAST MONTH, the UK government was accused by conservationists of bad faith: it had promised to defend Britain's rural landscape against the depradations of farmers and developers but had failed to deliver.

The Council for the Protection of Rural England, the country's largest independent conservation group, together with a similar body in Wales and the Council for National Parks, specifically charged the government with failing to honour its many pledges to protect hedgerows, trees and orchards. Such pledges had been made in the much-vaunted Environment White Paper last autumn, as well as by ministers individually over the last five years. Yet, the conservationists said, valuable trees, orchards, woodland and hedges – the last having lost 100,000 miles since 1945 – continued to disappear.

In the depths of a recession, when farmers' fortunes are flagging badly, such conservationist demands might seem an eccentric luxury. Yet they illustrate an aspect of a deepening debate on the future of farming and its effect on the environment that farmers cannot easily ignore, for the issue looks like becoming a key part of the wider debate on the reform of Europe's farm policies.

The "green farming" debate in the UK currently centres on the future of environmentally sensitive areas (ESAs), which are pilot schemes introduced by the government five years ago specifically to encourage farmers to protect sensitive landscapes.

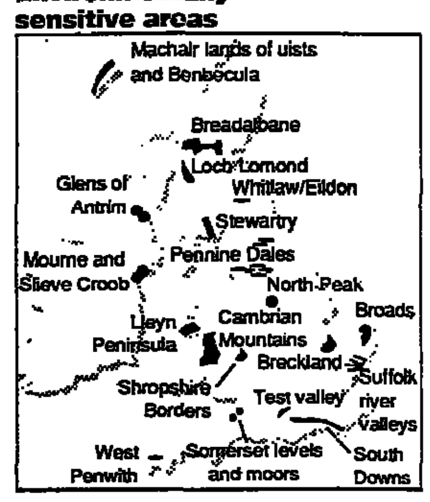
But the wider issue is how far public support for agriculture, now based largely on guaranteed prices for farm produce, can or should be shifted in favour of environmentally-friendly farming. Britain, unhappy at the proposals for reforming the Common Agricultural Policy introduced earlier this year by Mr Ray MacSharry, the European Community's agriculture commissioner, looks like making the running on this question in Brussels when negotiations on the reform package begin in earnest again during the autumn.

ESAs, designated in 1986-87, were pioneer British projects subsequently copied in a few other northern EC member states. The whole thing is so far on a small scale. In Britain, 19 areas, ranging from 350 hectares in the Test river valley to nearly 40,000 hectares in the limestone Peak district, total no more than 2 per cent of Britain's farmland. The budget for the ESAs, at £32m over five years, is tiny in comparison with the £20bn annual EC farm budget or even with Britain's share of it.

In the ESAs Farmers receive grants, based roughly on profits foregone, to farm in more traditional, less intensive ways thus conserving (depending on the area) hedgerows or farm ponds, grass or wetlands or high chalk downs.

The schemes have been relatively popular with farmers and have been welcomed

Environmentally sensitive areas



with varying degrees of enthusiasm by all Britain's conservationist organisations as well as by bodies like the National Farmers' Union and the Country Landowners Association. There are, however, considerable differences of view as to what should happen next.

The government recently concluded a detailed review of the first five ESAs to be set up in England. At the same time, it has asked the Countryside Commission and English Nature, both government-funded quangos, to recommend on the creation of new ESAs.

What is decided will depend very much on how much money Mr John Gummer, the agriculture minister, manages to squeeze out of the Treasury. Improvement to the existing ESAs seem certain. It is likely, for example, that farmers contracts will be extended to ten rather than the present five years, that some of the boundaries will be altered and that some of the conditions that worked less well in some ESAs will be toughened.

Less sure are new ESAs. Though Mr Gummer himself would certainly like more, he may not get the financial commitment so close to the general election to create enough to make the exercise politically worthwhile.

However an additional reason for delay may be the continuing debate over precisely what form public support for green farming should take.

Conservationist bodies differ on this. The Royal Society for the Protection of Birds, which has conducted its own detailed review of several of the ESAs, goes furthest in demanding that EC support should be made conditional on farmers practising environmentally-friendly farming. The RSPB believes that ESAs should be greatly extended, to cover perhaps 40 per cent of Britain's farmland, but it thinks that all farmers should be required to follow certain environmental rules to qualify them to receive EC farm support. In a recent report it argues that the MacSharry farm reform proposals should be recast to ensure this "cross compliance".

Other bodies baulk at going so far. It is hardly surprising that the National Farmers' Union and the Country Landowners Association in particular want ESAs and any other new environmental schemes to continue to be voluntary. While the NFU, for example, has accepted, in its advocacy of "supply management", that farmers should receive price support provided they withdraw land from production, it is not willing to go so far on environmental cross compliance.

The difference is perhaps best illustrated by comparing the approach of the RSPB and the Countryside Commission, the government's overall adviser on countryside matters. The commission played a key role in initiating the ESAs in the mid-1980s, and seems certain to recommend that more should be established.

However, its officials are now keen to prove the success of a new scheme, introduced only in June. The countryside stewardship scheme, with funds of £13m over three years, is at present seen as experimental. Though many of its features and aims seem remarkably similar to ESAs (it aims to restore traditional landscapes by using grants for less intensive farming and for reinstating hedges, walls or woodland) it is seen as much more flexible. In particular, it is not "site specific" – virtually any landowner can submit a plan, albeit for the time being only in five types of landscape, which would then be judged as worthy of grants (or not) by the Countryside Commission.

Other aspects of the stewardship scheme are also different from ESAs. For example, considerable emphasis is being put on public access. But perhaps the key to the scheme is that officials hope it could ultimately be extended countrywide, though apparently with no sort of formal links with the CAP. Those conservation groups like the RSPB, which would prefer mandatory environmental schemes, charge that the Countryside Commission is trying to effect a "sticking-plaster" solution. They also complain that, apart from being too cautious partly because of its government funding, the commission may be falling prey to rivalry between the Department of the Environment, which is funding the stewardship scheme, and the Agriculture ministry, which is responsible for the ESAs.

The debate will, no doubt, continue, as negotiations on CAP reform gather pace. While the "green" debate will be an increasingly important ingredient of farm reform, there is clearlystill much to play for as governments seek to work out precisely how they will accommodate the conservationists' demands.

South African gold mine development halted

By Philip Gawith in Johannesburg

THE SOUTH African gold industry suffered another body blow yesterday with the announcement by Gengold, the gold arm of the Gencor group, that the R700m (£130m) development of a new sub-vertical shaft at Winkelhaak mine was being stopped.

The announcement follows the disclosure earlier in the week that the Loraine gold mine was cutting back production in an effort to cut losses. Gengold has already this year announced the closure of the Stilfontein mine and curtailment in the development of the Weltevreden mine. Analysts are predicting further cutbacks and closures to be announced.

The Winkelhaak project, announced in January 1990, would have allowed the mine to access an area containing 21.4m tonnes of ore which could be mined at a yield of 5.7 grams per tonne to produce a total of 121 tonnes of gold. Production from the shaft would have commenced in 1998 and run through to 2015. Winkelhaak produced about 13 tonnes of gold in 1990 – 2 per cent of the country's total of 605 tonnes.

Gengold says that "ruling and foreseeable gold prices are substantially below those envisaged when the project was initially approved and are too low for the project in its original form to yield an acceptable rate of return."

WORLD COMMODITIES PRICES

MARKET REPORT

A sharp fall in aluminium prices in morning trading on the LME eventually attracted some demand. Three-month metal closed at $1,244.50, a tonne after hitting a contract low of $1,239 a tonne earlier. Traders said the morning fall reflected early dealer selling finding no consumer interest, and as the price began to fall investment fund selling, liquidation and sell stops were triggered, *particularly when the market broke* below the previous contract low at $1,249. Today's LME stocks are expected to continue to set new record highs. Zinc prices remained in a narrow range. The market ignored news that workers at Peru's Cajamarquilla 100,000-tonnes-a-year refinery had gone on strike. Just after the close further news came that they had returned to work. London cocoa moved ahead after gains in New York, where values continue to be boosted by speculation that 1991-92 production will fall short of consumption. Robusta coffee futures finished narrowly mixed with early losses largely erased *following the upward move in New* York. Dealers said the London market continued to lag behind New York. Overhead origin selling interest, particularly from the Ivory Coast, continues to help keep a lid on prices in London.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.45-7.55q	+.275
Brent Blend (dated)	$20.20-0.30z	+.275
Brent Blend (Oct)	$20.20-0.05	+0.25
W.T.I. (1 pm est)	$21.65-1.75z	+0.25
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$245-247	
Gas Oil	$191-193	+1
Heavy Fuel Oil	$69-71	
Naphtha	$202-205	-1.5
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$346.25	+1.0
Silver (per troy oz)♣	397.15c	-0.85
Platinum (per troy oz)	$345.55	+1.65
Palladium (per troy oz)	$81.10	
Copper (US Producer)	111.0c	+1
Lead (US Producer)	38.0c	
Tin (Kuala Lumpur market)	15.11r	-0.02
Tin (New York)	258.5c	-0.5
Zinc (US Prime Western)	62.0	
Cattle (live weight)†	103.98	-1.93*
Sheep (dead weight)†	106.88	-7.63*
Pigs (live weight)†	78.23	+8.41*
London daily sugar (raw)	$234.6q	+1.5
London daily sugar (white)	$267.6q	-0.5
Tate and Lyle export price	£244	+0.5
Barley (English feed)	£113.0x	+1
Maize (US No. 3 yellow)	£177	-1
Wheat (US Dark Northern)	£97	
Rubber (Oct)♥	52.00	
Rubber (Nov)♥	52.50	
Rubber (KL RSS No 1 Oct)	225.5	+1.0
Coconut oil (Philippines)§	$470.0j	
Palm Oil (Malaysian)§	$327.5t	+2.5
Copra (Philippines)§	$302.5j	
Soyabeans (US)	£154.0x	+2.0
Cotton "A" index	69.85c	-0.35
Woollops (64s Super)	357p	-3

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Sep/Dec u-Oct/Dec x-Sep y-Aug/Sep z-Oct j-Oct/Nov. †Meat Commission average fatstock prices. *change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	202.00	200.00	201.00	200.00
Dec	190.00	187.00	187.00	
Mar	190.00	188.60	189.00	186.00
May	195.00	188.00	188.00	186.00
Aug	200.00		188.00	
White	**Close**	**Previous**	**High/Low**	
Oct	288.2	288.5	288.0	284.0
Dec	281.5	282.2	281.5	278.5
Mar	282.5	282.5	283.0	278.5
May	281.0	281.0	281.0	279.5
Aug	280.0	281.0	280.0	279.0
Oct	281.0	282.0	281.0	259.5

Turnover: Raw 270 (467) lots of 50 tonnes. White 1436 (2651)
Paris- White (FFr per tonne): Oct 1637.2

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Oct	20.21	20.16	20.28	20.12
Nov	20.17	19.11	20.23	20.08
Dec	20.14	20.07	20.17	20.05
Jan	20.07	19.80	20.07	19.98
Feb	19.92	19.75	19.92	19.88
Mar	19.80	19.57	19.80	
IPE Index	20.08	19.97		

Turnover 9756 (19730)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low	
Sep	189.50	186.75	189.75	187.50
Oct	193.25	192.00	193.50	192.00
Nov	195.75	194.50	195.75	194.25
Dec	196.50	195.50	196.75	195.25
Jan	194.25	193.25	194.75	193.50
Feb	188.75	188.25	189.25	188.00
Mar	183.50	182.75	184.00	183.50
Apr	177.75	177.25	177.75	
May	173.25	173.00	173.25	

Turnover 14202 (18974)lots of 100 tonnes

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 12	Sep 11	mnth ago	yr ago
1666.6	1670.2	1649.3	1824.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 11	Sept 10	mnth ago	yr ago
Spot	117.89	118.26	118.17	130.33
Futures	123.01	123.56	121.89	133.25

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Sep	717	708	716	709
Dec	747	737	754	737
Mar	782	771	790	774
May	801	792	805	795
Jul	821	812	829	815
Sep	840	832	845	836
Dec	863	856	863	856
Mar	886	873	888	884
Jul	922	913	925	918

Turnover: 6893 (3702) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 11 936.39 (941.23) 10 day average for Sep 12 914.12 (906.76)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Sep	526	528	527	520
Nov	551	553	563	542
Jan	572	572	572	563
Mar	583	581	582	573

Turnover:3019 (3287) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 11 : Comp. daily 68.14 (69.09) 15 day average 65.67 (65.40)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Nov	90.0		82.0	82.0
Apr	117.5	116.0	118.0	117.0

Turnover 103 (283) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Oct	133.50	130.50	133.50
Dec	136.50	134.50	136.50
Feb	140.50		140.50

Turnover 26 (15) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Sep	1605	1598	1605	1600
Oct	1700	1695	1708	1695
Jan	1716	1714	1718	1710
Apr	1718	1713	1717	1710
BFI	1553	1552		

Turnover 421 (177)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Nov	117.15	117.15	117.15	117.00
Jan	120.50	120.50	120.50	120.40
Mar	123.65	123.65	123.65	123.65
May	126.85	126.85	126.85	126.85
Barley	**Close**	**Previous**	**High/Low**	
Jan	117.00	117.10	117.00	

Turnover: Wheat 183 (305). Barley 50 (73).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Nov	106.0	106.0	105.5
Mar	110.0	110.0	110.0
May	110.5	111.0	111.0

Turnover:33 (41) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	137.46	138.28			
Sep	136.50	138.50	138.60	138.30	90
Oct	138.70	139.70	138.70	138.70	20
Nov	139.20	138.80	139.20	139.20	30
Dec	138.90	140.20	139.70	138.90	146

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 36,286 lots
Cash	1214-6	1245-7		1210-11		
3 months	1244-5	1276-7	1265/1239	1240-41	1249-50	104,829 lots
Copper, Grade A (£ per tonne)						Total daily turnover 21,906 lots
Cash	1338-40	1346.5-7.0	1344/1340	1342.5-3		
3 months	1339-40	1348-9	1346/1339	1342-2.5	1341-2	118,078 lots
Lead (£ per tonne)						Total daily turnover 3,355 lots
Cash	324-5	320.5-21.5	325	325-325.5		
3 months	333.5-3.	329.5-30.5	337/333.5	336.5-337.5	334-5	13,792 lots
Nickel ($ per tonne)						Total daily turnover 3,037 lots
Cash	7950-60	8000-10	7970	7960-70		
3 months	7949-50	7975-80	8050/7925	7940-60	7940-50	15,572 lots
Tin ($ per tonne)						Total daily turnover 1,461 lots
Cash	5580-5	5585-90	5590	5585-90		
3 months	5650-55	5660-65	5680/5650	5655-60	5655-60	6,322 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,148 lots
Cash	1026-7	1030-32	1027	1027-8		
3 months	1044-5	1048-9	1046/1044	1045-6	1044-5	34,831 lots

LME Closing £/$ rate:
SPOT: 1.7335 3 months: 1.7146 6 months: 1.6962 9 months: 1.6835

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	346.00-346.50	
Opening	344.75-345.25	
Morning fix	345.45	199.567
Afternoon fix	346.10	199.746
Day's high	346.50-346.90	
Day's low	344.75-345.25	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.21	6 months	4.98
2 months	5.15	12 months	4.89
3 months	5.09		

Silver fix	p/fine oz	US cts equiv
Spot	229.50	397.15
3 months	235.15	402.45
6 months	240.85	408.00
12 months	252.35	420.55

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	346.00-347.00	199.75-200.25
Maple leaf	355.00-356.00	204.75-205.25
New Sovereign	84.50-85.50	48.75-49.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Dec	Oct	Dec
1150	76	91	1	3
1250	7	23	31	34
1350	0	2	123	112
Copper (Grade A)	**Calls**		**Puts**	
2200	122	121	2	28
2300	43	62	23	68
2400	8	27	87	131
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
500	51	77	1	5
550	15	41	15	19
600	2	19	52	42
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
725	89	111	33	36
750	75	95	44	45
775	62	82	56	57
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
2000			38	
2050	29			
2100	15			

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	344.3	345.4	0	0
Oct	345.1	346.3	347.3	344.8
Nov	346.6	347.8	0	0
Dec	348.2	349.4	350.7	348.1
Feb	351.3	352.5	353.2	351.5
Apr	354.1	355.4	356.0	355.1
Jun	357.0	3358.4	359.0	359.0
Aug	360.1	361.5	0	0
Oct	363.1	364.5	364.2	364.2

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	346.3	344.2	347.3	345.5
Jan	350.7	348.5	351.7	350.0
Apr	354.6	352.4	355.5	354.0
Jul	358.4	358.2	359.5	358.5
Oct	365.7	363.5	368.0	368.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	395.2	394.2	398.0	395.5
Oct	396.2	395.2	0	0
Nov	398.3	397.3	0	0
Dec	400.8	399.8	405.5	399.5
Jan	402.9	401.9	0	0
Mar	407.5	406.5	412.0	407.0
May	412.1	411.1	415.5	414.0
Jul	416.4	415.4	0	0
Sep	421.3	420.2	0	0
Dec	428.6	427.4	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	106.85	106.90	107.50	106.10
Oct	105.75	105.85	106.00	105.35
Nov	105.25	105.30	0	0
Dec	104.65	104.75	105.50	103.70
Jan	103.50	103.80	103.65	103.00
Feb	102.90	103.25	0	0
Mar	102.25	102.60	102.80	101.80
Apr	101.55	102.00	0	0
May	100.95	101.50	101.20	101.20
Jun	100.50	101.10	100.85	100.85

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	21.67	21.64	21.75	21.57
Nov	21.62	21.59	21.69	21.53
Dec	21.51	21.51	21.56	21.44
Jan	21.41	21.40	21.43	21.40
Mar	21.14	21.17	21.14	21.14
Jun	20.79	20.89	20.79	20.78
Jul	20.77	20.82	20.76	20.71

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	6155	6157	6180	6120
Nov	6280	6280	6290	6240
Dec	6390	6390	6410	6350
Jan	6415	6415	6425	6380
Feb	6275	6290	6285	6250
Mar	6015	6030	6040	6010
Apr	5800	5800	5800	5790
Jun	5648	5670	5725	5595

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1185	1160	1185	1175
Dec	1235	1200	1235	1205
Mar	1280	1252	1280	1255
May	1305	1281	1305	1285
Jul	1330	1305	1325	1325
Sep	1345	1322	1342	1342
Dec	1381	1358	1380	1380
Mar	1425	1393	1425	1400
May	1440	1414	0	0
Jul	1463	1437	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	89.65	88.50	89.00	88.25
Dec	93.10	91.75	93.50	91.05
Mar	96.05	94.80	96.40	94.20
May	98.45	97.35	98.50	96.55
Jul	100.75	99.60	100.75	99.00
Sep	103.50	102.20	103.50	103.50
Dec	107.25	106.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.00	9.04	9.03	8.81
Mar	8.78	8.78	8.82	8.61
May	8.71	8.76	8.77	8.62
Jul	8.72	8.76	8.76	8.64
Oct	8.68	8.73	8.75	8.65

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	63.32	67.15	64.56	63.20
Dec	64.54	67.80	65.47	64.20
Mar	65.85	68.45	66.75	65.70
May	66.80	67.02	67.30	66.35
Jul	67.11	66.60	67.80	67.30

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	Previous	High/Low	
Sep	117.85	117.45	118.20	117.65
Nov	116.55	116.05	117.00	116.30
Jan	116.40	115.80	116.90	116.30
Mar	117.35	116.70	117.50	117.10
May	117.80	117.75	118.00	117.80
Jul	117.80	117.75	0	0
Sep	117.80	117.75	0	0
Nov	117.80	117.75	0	0
Jan	117.80	117.75	0	0

FRUIT & VEGETABLES
Homegrown Bramley apples are superb this week, with top quality fruits costing 40-50p a lb reports the FFVIB. White seedless grapes are good this week at 50-65p a lb along with lemons at 15-25p each. New Zealand Kiwifruit at 15-25p each and English Victoria plums at 45-55p a lb. French beans are at 60-80p a lb and tender carrots at 18-20p a lb. Sweetcorn is another good vegetable this week at 30-45p per cob as are potatoes at 12-14p a lb. Dutch and English tomatoes are excellent value this week at 35-45p a lb. Cucumber remains a good buy at 35-50p each along with Iceberg at 45-55p each and Round lettuce at 25-35p each.

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	589/2	582/6	590/4	585/4
Nov	596/6	591/0	599/4	593/0
Jan	607/2	601/0	609/4	603/4
Mar	616/6	611/0	620/0	614/0
May	624/0	617/2	625/4	620/0
Jul	627/4	621/4	629/6	624/0
Aug	622/0	615/2	625/4	618/0
Sep	598/0	594/4	602/0	598/0
Nov	592/6	588/2	593/4	590/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	20.68	20.41	21.00	20.37
Oct	20.72	20.43	21.15	20.43
Dec	21.02	20.78	21.50	20.78
Jan	21.22	20.97	21.60	21.00
Mar	21.51	21.29	22.05	21.35
May	21.75	21.52	22.15	21.65
Jul	22.12	21.72	22.45	22.10
Aug	22.20	21.72	0	0
Sep	22.10	21.70	0	0
Oct	22.10	21.70	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	193.8	191.5	194.0	191.7
Oct	191.4	189.0	191.7	189.3
Dec	189.2	187.1	189.5	187.6
Jan	187.3	185.6	188.0	186.5
Mar	185.5	184.1	186.3	184.8
May	183.0	181.6	183.2	182.0
Jul	182.0	180.7	182.5	181.1
Aug	181.0	179.5	181.5	181.0
Sep	181.0	179.5	181.4	181.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	251/6	248/0	253/4	249/0
Dec	255/2	252/2	256/6	253/6
Mar	262/6	259/4	263/6	260/4
May	266/6	264/2	268/0	265/2
Jul	268/4	265/6	269/2	267/0
Sep	254/4	252/6	255/2	253/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	322/4	318/6	323/4	321/0
Dec	329/4	326/0	330/6	326/0
Mar	330/2	329/6	333/2	329/0
May	326/4	321/0	326/4	322/0
Jul	311/0	309/0	312/2	309/4
Sep	316/4	312/4	318/0	316/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	72.02	71.40	72.25	70.95
Dec	74.92	74.57	75.10	74.05
Feb	72.97	72.67	73.20	72.42
Apr	73.50	73.15	73.67	73.00
Jun	71.22	71.05	71.30	70.82
Aug	69.40	69.30	69.65	69.40
Oct	69.80	70.17	70.17	69.90

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	45.40	45.40	45.75	44.85
Dec	44.75	44.97	45.25	44.55
Feb	44.12	44.22	44.55	43.90
Apr	42.50	42.67	42.85	42.35
Jun	46.67	46.75	46.90	46.67
Jul	46.92	46.95	47.02	46.85
Aug	45.35	45.25	45.35	45.30
Oct	41.25	0	41.25	41.25

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	49.77	48.97	49.90	49.15
Mar	49.52	48.85	49.65	49.10
May	50.65	49.82	50.80	50.10
Jul	50.70	50.25	50.70	50.35
Aug	48.00	47.50	48.00	0

SOME OF OUR MOST SATISFYING RESULTS CAN NEVER BE EXPRESSED IN FIGURES

When you are only nine years old the treatment can sometimes seem worse than the disease.

Over a four month period he had four intensive pulses of chemotherapy to treat his leukaemia.

Before each pulse, and for several days afterwards, he was given Glaxo's new anti-emetic compound which fought the attendant nausea and sickness successfully.

Without it, his doctors and nurses might have found it difficult to help him complete the treatment that led to his recovery.

Now he can enjoy all the activities he did before his illness, and some new ones as well.

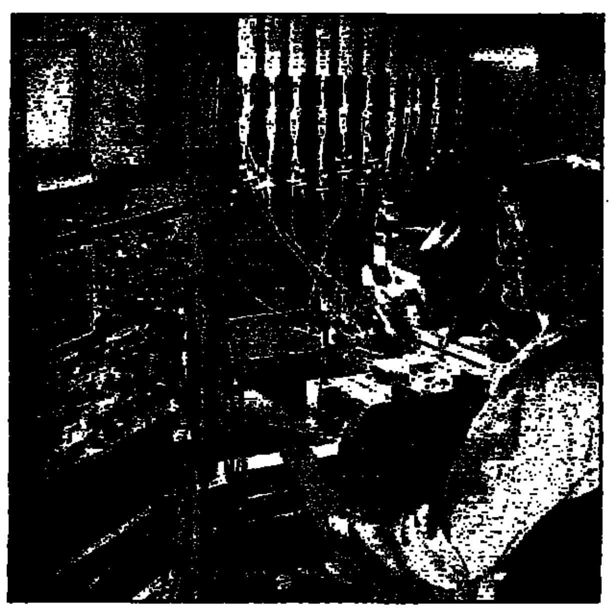
All around the world people are benefiting from our medicines, including the new compounds of our own discovery which we have introduced in the last year.

And it's this success in discovering and developing medicines that has enabled Glaxo to continue to grow impressively this year.

Sales have increased by 7% to £3,397m.

Profit before tax increased by 9% to £1,283m.

Earnings per share rose from 54.0p to 60.8p, an improvement of 13%.



FINANCIAL HIGHLIGHTS
YEAR TO 30th JUNE 1991

	1991 Unaudited	1990 (restated)	% Change
Turnover	£3397m	£3179m	7
Trading Profit	£1104m	£1040m	6
Profit Before Tax	£1283m	£1182m	9
Earnings Per Share	60.8p	54.0p	13
Dividends Per Share	28.0p	22.0p	27
Research and Development	£475m	£420m	13
Capital Expenditure	£621m	£637m	−3

This strong financial performance provides the resources for further research into diseases such as cancer and those of the central nervous and immune systems.

We now have over 6000 scientists worldwide, engaged in research to develop an expanding range of prescription pharmaceuticals well into the 21st century.

All in all we are spending nearly £2 million a day in the search for new medicines.

An investment that we believe will continue to improve the quality of life for everyone in the days and years to come.

Glaxo
WORLD LEADERS IN PHARMACEUTICALS

COPIES OF THE 1991 ANNUAL REPORT AND ACCOUNTS WILL BE AVAILABLE FROM SEPTEMBER 27TH FROM. THE SECRETARY (AR), GLAXO HOLDINGS p.l.c. LANSDOWNE HOUSE, BERKELEY SQUARE, LONDON W1X 6BP.

The contents of this advertisement, for which the directors of Glaxo Holdings p.l.c. are solely responsible, have been approved for the purpose of section 57 of The Financial Services Act 1986 by an authorised person.

The figures for the year ended 30 June 1990 are an abridged statement of the full Group accounts for that year (restated as explained in this year's accounts) which have been delivered to the Registrar of Companies and on which the auditors made an unqualified report.

LONDON STOCK EXCHANGE

Good recovery after recent setback

By Terry Byland, UK Stock Market Editor

CORPORATE developments, having depressed the UK stock market earlier this week, came to its rescue yesterday. With *the British Aerospace rights* issue and profits collapse now out of the way, equities responded favourably to good results and a share split from Glaxo, the international pharmaceuticals group which is widely held by the global investment funds.

The chief economic feature of the day was the disclosure of a substantial fall in UK average earnings in July, which supported optimistic views on domestic inflation and therefore on interest rate pressures.

There was further pressure on British Aerospace as the analysts from the brokerage houses and the investment press delivered the expectedly bearish comments on the results and fund-raising proposals.

Account Dealing Dates		
First Dealings:		
Sep 2	Sep 16	Sep 30
Option Declarations:		
Sep 12	Sep 26	Oct 10
Last Dealings:		
Sep 13	Sep 27	Oct 11
Account Day:		
Sep 23	Oct 7	Oct 21

*New-time dealings may take place from 8.30 am two business days earlier.

Institutional interest in equities remained high, and market volume, as measured by the Seaq network, increased to 460.6m shares from the 410.3m recorded on Wednesday.

Although retail interest, disclosed in Stock Exchange official data, indicates that overall customer business is still below the £1bn daily levels regarded as the sign of a financially healthy market, there were further indications yesterday that the big investment *funds were switching stock* rather than selling.

The FT-SE Index gained more than 21 points in early trading but shied away as it approached the 2,650 mark. In spite of a firm opening on Wall Street, which was moving close to the Dow 3,000 level in early trading, London closed off the top, with the FT-SE finally at 2,641.9 for a gain of 15.3 on the day.

The futures market led the underlying cash equity market for much of the session, and at the close the Footsie future still showed a significant premium against cash value – the estimated premium which allows for financial carrying costs and impending dividend flows on the underlying FT-SE stocks.

Also significant in early *trading was the evident* unwinding of the programme trade which surfaced at the close of trading on the previous day.

Glaxo provided the star turn of the market as the improved results provided the backcloth for the bonus issue to shareholders, which will reduce the share price and thus render the shares more marketable, a positive development for a share already in the centre of market attention.

Other blue chip internationals remained relatively depressed behind a weakish US dollar, although losses in the shares of ICI and British Petroleum were trifling.

Among the dull spots was RTZ which gave ground in heavy trading on the news of a sharp fall in profits. *Rolls-Royce closed* easier after the trading statement. But Cadbury Schweppes made further progress as hopes of a bid from across the Atlantic gathered pace.

Views on UK equities among the London based investment houses remained bullish, although Smith New Court suggested that funds might be overweight in London shares after investors had "finally woken up to the inherent value in this market". However, Mr Robin Aspinall at Schroders believes that the weakness of the last few days is "entirely consistent with" a routine correction within an upward trend to a target of FT-SE 2,780.

Glaxo delights traders

GLAXO more than made up for its losses over the two previous trading sessions after announcing a 9 per cent rise in interim profits, a 27 per cent increase in the dividend and a one-for-one share split.

The established bulls of the stock reiterated their long-term confidence in the company. Mr Paul Krikler at Goldman Sachs said: "Zantac (the world's biggest selling drug) is still growing and we have seen important new products, such as Zofran, already coming through."

Mr Robin Gilbert at James Capel acknowledged the strengths of the company but argued that a 30 per cent rise in R & D spending underlined the fact that Glaxo needed to develop new products quickly.

The shares forged ahead 47 to 1068p, a gain described by analysts as "overdone" and "likely to lead to further short term strength". Turnover, at 4.5m, was the highest for a month.

ScotPower demand

Scottish Power, a poor performer since its June flotation at 100p, easily topped the list of active stocks with 26m shares traded. The stock ran up to 110p before closing 3 ahead at 109½p.

Dealers said investment bank BZW was behind the heavy trading and good rise. They added that it was an aggressive buyer of Scottish Power and Scottish Hydro-Electric, and was thought to be preparing a positive note on both stocks for publication next week. Scottish Hydro held at 114p on 2.7m.

BZW profits estimates for the Scottish generators are thought to be at the top end of the market range.

Racal excitement

A burst of intense activity in Racal 'Special Ex' shares ahead of Monday's demerger of Racal Telecom from Racal Electronics led to more stories that the demerged Racal Electronics may be attracting a stakebuilder.

There was also speculation that a predator, having accumulated a big stake in the 'Special Ex', may launch a full bid on Monday. BTR, Thorn EMI and Mannesmann, of Germany, were among those cited as possible suitors for Racal.

Racal 'Special Ex' closed 2 up at 45½p after 12m shares traded. Since they were officially listed last week the stock has risen from around 34p with turnover reaching more than 120m shares, equivalent to about 10 per cent of Racal Electronics' capital.

Another theory behind the very heavy turnover is that marketmakers have been running large straddle or arbitrage positions in the three Racal stocks, hoping to unwind these at a profit on the demerger.

Mr Brian Newman of Henderson Crosthwaite, who puts a break-up value of 60p on Racal Electronic, said that at current market prices Racal is valued at £630m. That makes it the second largest electronics group in the UK after GEC.

Rolls-Royce relief

Turnover in aero-engine manufacturer Rolls-Royce rose to 13m, and the shares firmed 2½ to 142½p on speculation of an engine order and relief that the company's poor interim figures were not worse. The profits fall, from £115m to £11m, was within the range of market forecasts.

There was also speculation that Cathay Pacific, the Hong Kong based international airliner, would soon place an engine order with Rolls-Royce. Analysts reduced full-year profits expectations from above £100m. County NatWest and Charterhouse Tilney pencilled in £85m. UBS Phillips & Drew was more cautious, going for £67m, but Mr Paul Compton at UBS said: "Rolls is a classic cyclical company that should make £275m in 1993."

British Aerospace dropped a further 24 to 421p, with the shares still considered a risk following Wednesday's poor results and rights issue. Turnover came to 4m.

The long anticipated rights issue for Hickson International finally came through yesterday. The chemicals group announced that it intended to raise £70m by offering shares at 160p on a two-for-five basis.

Although the cash call was forecast before the interim results in mid-August, observers expressed surprise that the share price rose so sharply, closing 10 up at 214p. They pointed out that doubts about liquidity may have been removed but a lot of faith was being placed in future performance.

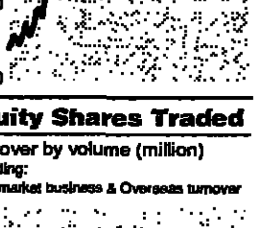
Nevertheless, the explanatory meeting with analysts was said to be upbeat and securities house Kleinwort Benson left it to take a fresh look at its forecast for the company.

The 150p-a-share *bid for* Sovereign Oil & Gas prompted a jump of 40 to 143p and triggered a flurry of speculative buying in related stocks. Asked if the bid might trigger more takeovers and set the cat among the pigeons in the subsector, a leading analyst said: "One pigeon does not make a summer, according to the bears."

Mr Steve Turner at Smith New Court said the bid "will go a long way in restoring confidence in asset values". Clyde rose 4 to 101p, Goal 3 to 60p and Hardy 6 to 179p.

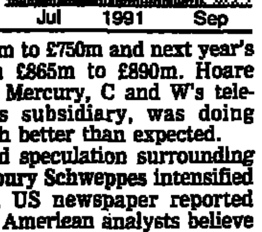
Cable and Wireless advanced 8 to 579p after a profits upgrade by Hoare Govett. Mr Jim Ross at Hoare increased his current year forecast from £722m to £750m and next year's from £865m to £890m. Hoare said Mercury, C and W's telecoms subsidiary, was doing much better than expected.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Bid speculation surrounding Cadbury Schweppes intensified as a US newspaper reported that American analysts believe Philip Morris, the food and tobacco group, could launch a bid. Cadbury shares added 15 at 419p, with further support coming from the traded options market, where a US broker was said to have been buying in-the-money calls, a close substitute for stock.

Other companies on which Philip Morris may be casting its acquisitive eye include Allied Lyons, up 6 at 612p, United Biscuits, 6 higher at 406p, and Grand Metropolitan, 10 stronger at 837p.

Asda rose 4 to 103½p as buying on the inter-broker dealer market lifted turnover to 8.1m. Traders said there was renewed speculation that a senior boardroom appointment was about to be made. There were also hopes that the annual meeting next Wednesday could bring better news on current trading. But there were fears that a sustained rise in the shares could trigger a rights issue.

Rosehaugh and Stanhope were hit hard as the appearance of an early seller rekindled fears that the companies' *proposed merger would be* abandoned. Some traders expected an announcement this morning.

Others felt talks between the two were likely to continue for some time. Rosehaugh fell 6 to 22p, its lowest for more than five years. USM-quoted Stanhope retreated 3 to 33p.

Pearson moved ahead 13 to 768p as the company continued its series of presentations to US institutions.

Textile and engineering group William Baird slipped 9 to 263p on the back of half-time results. The fall in profits was expected and the dividend was maintained, but the company said it saw no sign of "a sustained improvement". Carr Kitcat & Aitken reduced its full-year forecast for the company by £1.5m to £29m and changed its stance from buy to hold. Sirdar picked up 9 to 76p on encouraging interims.

W. Canning, the specialty electronic and components group, declined 5 to 137p.

Cannon Street Investments shrugged off a slump in interim profits and climbed 6 to 89p. The market was relieved that the dividend was maintained and one observer said the figures signalled "light at the end of the tunnel" for a company *whose shares stood* at 400p in 1987.

USM-quoted funeral director Great Southern Group saw support on strong half-time results. The shares put on 4 to 215p, also benefiting from a Hoare Govett buy recommendation.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

■ *Other market statistics, including the FT-Actuaries Share Indices and London Traded Options,* Page 21.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (169).
BRITISH FUNDS (36) Tr 12¾pc 1995, Conv 10pc 1996, Tr 8¾pc 1997, Ex 15pc 1997, Ex 9¾pc 1998, Tr 8½pc 1995-98, Tr 15½pc 1998, Ex 12pc 1998, Tr 9½pc 1999, Ex 12¼pc 1999, Tr 10½pc 1999, Conv 10¼pc 1999, Conv 9pc 2000, Tr 10pc 2001, Tr 14pc 1998-2001, Tr 9¾pc 2002, Tr 10pc 2003, Tr 11½pc 2001-04, Fd 3½pc 1999-2004, Conv 9½pc 2004, Conv 9½pc 2005, Tr 12½pc 2003-05, Tr 8pc 2002-06, Tr 11¾pc 2003-07, Tr 8½pc 2007, Tr 13½pc 2004-08, Tr 9pc 2008, Conv 9pc 2011, Conv 9pc 2011 A, Tr 5½pc 2008-12, Tr 7¾pc 2012-15, Ex 12pc 2013-17, Consols 4pc, War 3½pc, Tr 2pc I-L 1996, INT.BANK & O'SEAS GOVT. STLG. ISSUES (4) African Dev. Bk. 11¼pc Ln 2010, Asian Dev. Bk. 10¼pc Ln 2009, Int-Am Dev. Bk. 12½pc 2003, Do. 9¼pc Ln 2015, LOANS (2) N'wide. Ang. 3⅞pc 2021, Do. 4⅛pc 2024, FOREIGN BONDS (1) Hydro Quebec 15pc 2011, BANKS (2) ABN Amro, Bank of Scot. 9¼pc Pf., BREWERS (4) Bulmer (HP), Greene King, Mansfield, Wolv. & Dudley, BUILDINGS (3) CMW, Polypipe, Try, CHEMICALS (5) Caird, Do. Pf. 2008, Ellis & Everard, Hickson, Plysu, STORES (8) Caskel, Coats Viyella, Courts, Formminster, Great Universal, Hartstone, Menzies (J), Next, ELECTRICALS (8) ACT, Cambridge Elect., Gardiner, MTL Instr., Macro 4, Menvier-Swain, Norbain, Real Time Control, ENGINEERING (8) Adwest, Atlas Copco B. SM, IMI, Morris Ashby, Powerscreen, Prospect Inds., SKF, FOODS (2) BSN, Iceland Frozen, INDUSTRIALS (33) Alumasc, Assoc. Brit. Ports, BSS, Bodycote, Bremner, Brit. Polythene Inds., Brit. Vita, CRT, Calderburn, Comec, Community Hospitals, Cornwell Parker A, Courtaulds, ERS, Elan, Electrolux B, Faber Prest, Grampian, Johnson Cleaners, London Intl., Macfarlane, Polymark, Scott Pickford, Security Archives, Serco, Sidlaw, Syltone, TT, Warner Howard, Wassall, Williams, Do. 8p Pf., Do. 5⅛pc Pf., INSURANCE (6) Britannic, Domestic & Gen., Lloyd Thompson, Oriel, Refuge, Taisho, LEISURE (6) Campari, Capital Radio, Central ITV, First Leisure, Hi-Tec Sports, Stanley Leisure, MOTORS (1) Bletchley Motor, NEWSPAPERS (2) Adscene, Daily Mail A, PAPERS (4) Gold Greenlees Trott, Holmes Marchant, Shandwick, Stat-Plus, PROPERTY (5) Brixton Estate, Evans of Leeds, Land Securities 10pc Deb. 2030, Slough Estates 8¼p Pf., Do. 6pc Bd. 2003, TEXTILES (5) Courtaulds Textiles, Drummond, Haggas (J), Lamont, Sirdar, TRANSPORT (2) Air London, Transport Dev., TRUSTS (8) Aberforth Split Level Cap., Fleming Fledgeling, Inv. Tst. of Guernsey, Law Debenture, M & G, Rathbone Bros., Scottish Cities, Templeton Emrg. Mkts., Tor, OILS (4) Gulfstream Res., Pan Pac. Petm., Pittencrieff, Total B, MINES (1) North Broken Hill Peko.
NEW LOWS (23).
AMERICANS (1) Texas Instr., CANADIANS (1) ECO, BUILDINGS (1) Conder, CHEMICALS (1) Montedison, STORES (2) Alan Paul, Oliver, ELECTRICALS (3) Enterprise Comp., Oxford Instr., Wharfedale, ENGINEERING (1) WB Inds., INDUSTRIALS (5) Brit. Aerospace, Clayhithe, Davies (DY), Grovewood, ISA, PAPERS (1) Repola, PROPERTY (3) Estates & Agency, Hanover Druce, Rosehaugh, TRUSTS (2) Nat. Home Loans, Do. 7½pc Pf., OILS (1) Gt. Western Res. A, MINES (1) Loraine.

FINANCIAL TIMES STOCK INDICES

	Sept 12	Sept 11	Sept 10	Sept 9	Sept 6	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	87.16	87.01	87.05	86.94	86.62	78.56	87.16 (12/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.91	95.86	95.89	95.46	95.34	87.15	95.91 (12/9)	90.50 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	2085.0	2068.1	2071.9	2088.6	2093.6	1632.9	2108.3 (2/9)	1606.3 (16/1)	2105.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	156.4	160.2	162.8	161.5	162.0	192.3	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2641.9	2626.6	2630.8	2653.2	2667.4	2127.1	2679.6 (2/9)	2054.8 (16/1)	2679.6 (3/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1182.93	1178.65	1181.61	1185.60	1195.17	-	1198.60 (3/9)	938.62 (15/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.63	4.63	4.61	4.56	4.55	5.81				
●Earning Yld %(full)	7.47	7.49	7.47	7.40	7.37	12.27				
●P/E Ratio(Net)(☆)	16.72	16.67	16.71	16.85	16.93	8.88				
SEAQ Bargns 4.45pm	31,169	27,593	28,152	30,465	33,597	16,684				
Equity Turnover(£m)†	-	805.01	892.73	736.35	854.14	569.67				
Equity Bargains†	-	27,665	28,168	31,474	32,629	16,019				
Shares Traded (ml)†	-	352.4	393.2	343.7	415.4	305.20				

Basis 100 Govt. Secs 15/10/26, Fixed Int 1928, Ord 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 [illegible]

Ordinary Share Index, Hourly changes — Day's High 2087.2 — Day's Low 2075.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2075.6	2078.3	2078.0	2079.5	2082.9	2084.6	2085.6	2085.8	2083.5

FT-SE 100, Hourly changes — Day's High 2648.2 — Day's Low 2635.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2636.1	2638.3	2636.1	2639.2	2642.8	2644.9	2646.6	2646.1	2641.3

FT-SE Eurotrack 200, Hourly changes — Day's High 1184.89 — Day's Low 1179.86

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1180.99	1181.24	1182.03	1182.47	1183.35	1184.46	1184.22

GILT EDGED ACTIVITY

Indices*	Sept 11	Sept 10
Gilt Edged Bargains	81.0	93.6
5 – Day average	96.3	91.5

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	377	494		Cookson	3,500	134	+3	Lucas	190	151	-1
ASDA Group	8,100	103½	+4	Courtaulds	1,000	504	+4	MB Caradon	[illegible]	[illegible]	[illegible]
Abbey National	3,500	301	+8	Dalgety	391	439	-1	MEPC	[illegible]	487	-1
Albert Fisher	1,100	102		De La Rue	52	458		Manweb	[illegible]	256	[illegible]
Allied-Lyons	1,800	612	+6	Dixons	1,200	267	+2	Marks & Spencer	1,800	304	+2
Amstrad	5,600	54	+½	ECC Group	311	459	+4	Maxwell Comms	[illegible]	181	
Anglian Water	720	391		Eastern Elect.	471	197	+2	Midland Bank	[illegible]	[illegible]	
Argos	89	331	-1	East Midland Elect.	241	213	-2	Midlands Elect.	[illegible]	210	+1
Argyll Group	1,000	328	+2	Enterprise Oil	432	523	+5	NFC	[illegible]	[illegible]	
Arjo Wiggins	368	274	+1	Eurotunnel Units	132	482	+3	NatWest Bank	2,400	[illegible]	+4
Ass. Brit. Foods	72	507	-2	FKI	1,100	70		National Power	[illegible]	[illegible]	[illegible]
[illegible]											
British Airways	1,300	187	+1	Hawker Sidd.	233	591	-4	Redland	348	595	+3
British Gas	2,600	270½	+1	Hillsdown	1,400	154	+4	Reed Intl	1,200	493	+8
British Land	57	313		IMI	657	271	+6	Rentokil	[illegible]	[illegible]	[illegible]
BP	3,600	342	-½	ICI	420	1315	-5	Reuters	[illegible]	801	-6
British Steel	2,600	122½	+½	Inchcape	339	391		Rolls Royce	13,000	142½	+2½
British Telecom	2,000	393	+½	Kingfisher	1,900	580	+2	Rothmans	[illegible]	1051	
Bunzl	9,500	92	+1	Ladbroke	1,250	260	+1	Ryl Bk Scotland	3,900	191	[illegible]
Burmah Castrol	680	585	+5	Land Securities	316	525	-1	Royal Insurance	1,000	[illegible]	[illegible]
Burton	1,100	47½	+½	Laporte	256	578	-5	Saatchi	1,500	16½	
Cable & Wire.	1,100	579	+8	Legal & General	1,700	437	+4	Sainsbury	1,000	[illegible]	
Cadburys	3,500	419	+15	Lloyds Abbey	613	427	-1	Scottish & New.	[illegible]	418	+1
Calor Group	1,500	238	+5	Lloyds Bank	1,400	404	+4	Scot. Hydro-Elect.	2,700	114	
Carlton Comms.	166	521		LASMO	1,000	319	+1	Scottish Power	26,000	109½	+3
Coats Viyella	2,600	190	+5	London Elect.	180	214	-1	Sears	7,300	94	+2
Comm. Union	1,600	528	+6	Lonrho	1,200	238	-1	Sedgwick	631	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE MORE hopeful mood on the stock market found an echo in traded options, where *Scottish Power, Glaxo,* Asda and Cadbury Schweppes all benefited from increased activity in their underlying securities, writes Jim McCallum.

Scottish Power led the way, with share turnover rising to 26m as a broker's buy note pulled in a large amount of institutional interest. This spilled over into options, where a buyer of 2,100 December 120 calls and a seller of the same amount of December 130 calls appeared.

This transaction matched the feeling among share dealers that Scottish Power could be set to trade between 120p and 130p. Scottish Power closed 3 better at 109½p.

A share split and dividend increase from Glaxo created interest in its September 1,350 calls. There was also a closing trade in September 1,200 and 1,300 puts.

Speculation about a senior boardroom appointment attracted a seller of Asda 1,000 January 110 calls, while there was also buyers of October 100 calls.

Takeover speculation in Cadbury Schweppes drew in some in-the-money call buyers. But November 330, 390 and 460 calls were the busiest series.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
100⅛	99⅜	Exch 11pc 1991	100⅛	..	10.99	10.17
99¾	96⅞	Treas 8pc 1991	99¾		8.05	9.74
101½	100⅛	Treas 12¾pc 1992‡‡	100¾		12.64	9.90
100¼	97⅛	Treas 10pc 1992	100	+⅛	10.00	[illegible]
132⅝	125⅛	Treas 2pc IL 1992‡‡	132⅝		2.00	[illegible]
99	95	Treas 8pc 1992‡‡	99		8.07	[illegible]
100⅞	98½	Treas 10½pc Cv 1992‡‡	100⅜		10.46	[illegible]
96⅝	91	Treas 3pc 1992	96⅝		3.11	[illegible]
102	100⅝	Exch 12¼pc '92	102		11.99	[illegible]
104¼	102	Exch 13½pc 1992	103⅝		13.03	[illegible]
98	94	Treas 8¼pc 1993	98		8.40	[illegible]
100⅝	97	Treas 10pc 1993‡‡	100⅝		9.94	[illegible]
104	102⅛	Treas 12½pc 1993‡‡	104		11.95	[illegible]
94⅝	89⅝	Funding 6pc 1993‡‡	94⅝		6.34	[illegible]
108	105⅝	Treas 13¾pc 1993‡‡	107¾		12.76	[illegible]
97	92	Treas 8½pc 1994	97	-⅛	8.70	[illegible]
111⅛	108	Treas 14½pc 1994‡‡	110		13.11	[illegible]
109	105	Exch 13½pc 1994	108		12.42	[illegible]
100	96	Treas 10pc Ln 1994‡‡	100	-⅛	9.91	[illegible]
107	103¼	Exch 12½pc 1994	106	-⅛	11.69	[illegible]
98⅜	93½	Treas 9pc 1994‡‡	98⅜	+⅛	9.15	[illegible]
106⅝	102	Treas 12pc 1995	106⅝	+⅛	11.25	[illegible]
89	82¼	Exch 3pc Gas 90-95	86⅝		3.46	[illegible]
102	96	Exch 10¼pc 1995	102	+⅛	10.05	[illegible]
110	105	Treas 12¾pc 1995‡‡	110	+⅛	11.56	[illegible]
114	109	Treas 14pc '96	114	+⅛	12.28	[illegible]
98	92	Treas 9pc 1992-96‡‡	98	+⅛	9.13	[illegible]
119	115	Treas 15¼pc 1996‡‡	119	+⅛	12.77	[illegible]
112	108	Exch 13¼pc 1996‡‡	112	.....	11.79	[illegible]
Five to Fifteen Years						
101	95	Conversion 10pc 1996	101	+⅛	9.86	[illegible]
101	97¼	Do. 10pc 1996 B	101	.....	10.11	9.62
113	108	Treas 15¼pc 1997‡‡	113	+⅛	11.63	9.80
103	97¼	Exch 10½pc 1997	103	+⅛	10.15	9.63
96	89	Treas 8¾pc 1997‡‡	96	+⅛	9.09	9.56
122	117	Exch 15pc 1997	122	+⅛	12.23	9.95
100	93	Exch 9¾pc 1998	100	+⅛	9.71	9.63
88	80⅝	Treas 6¾pc 1995-98‡‡	88	+⅛	7.64	9.11
128	121	Treas 15½pc '98‡‡	128	+⅛	12.09	9.84
111	104	Exch 12pc 1998	111	+⅛	10.79	9.75
99	92	Treas 9½pc 1999‡‡	99	+⅛	9.52	9.51
113	105	Exch 12¼pc 1999	113	+⅛	10.84	9.76
104	97	Treas 10½pc 1999	104	+⅛	10.07	9.66
103	95	Conversion 10¼pc 1999	103	+⅛	9.95	9.67
97	89	Conversion 9pc 2000‡‡	97	+⅛	9.27	9.50
118	110	Treas 13pc 2000	118	+⅛	11.01	9.85
102	94	Treas 10pc 2001	102	+⅛	9.78	9.61
119	113	Treas 14pc '98-01	119	+⅛	11.73	9.94
100	92	Treas 9¾pc 2002	100	+⅛	9.68	9.62

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
102	94	Treas 10pc 2003	102	+⅛	9.75	9.61
110	102	Treas 11½pc 2001-04	110	+⅛	10.44	9.82
61	53	Funding 3½pc '99-04	61	+⅛	5.70	8.49
99	90	Conversion 9½pc 2004	99	+⅛	9.58	9.58
99	90	Conversion 9½pc 2005	99	+⅛	9.56	9.57
120	111	Treas 12½pc 2003-05	120	+⅛	10.41	9.64
[illegible]						
Over Fifteen Years						
[illegible]						
Undated						
[illegible]						
Index-Linked						
[illegible]						
120	115	Treas. 2pc '94	[illegible]	120	-⅛	2.98 / 3.90
174	168	Do. 2pc '96	[illegible]	174	+⅛	3.53 / 4.04
144	137	Do. 2½pc '01	(78.3)	143	-⅛	3.88 / 4.17
140	133	Do. 2½pc '03	(78.8)	140	-⅛	3.92 / 4.17
142	135	Do. 2pc '06	(69.5)	142	-⅛	4.02 / 4.22
130	124	Do. 2½pc '09	(78.8)	130	-⅛	4.05 / 4.23
134	126	Do. 2½pc '11	(74.6)	134	-⅛	4.06 / 4.23
110	105	Do. 2½pc '13	(89.2)	110	-⅛	4.06 / 4.21
118	113	Do. 2½pc '16	(81.6)	117	-⅛	4.06 / 4.20
113	109	Do. 2½pc '20	(83.0)	113	-⅛	4.06 / 4.19
95	91	Do. 2½pc '24‡‡	(97.7)	94	-⅛	4.04 / 4.16

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1990: 129.9 and for July 1991: 133.8.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
106	95	African Dev Bk 11¼pc Ln 2010	106	+	10.44	10.30
101	91	Asian Dev Bk 10¼pc Ln 2009	101	+	10.10	10.0
114	105	Int-Am Dev Bk 12½pc 2003	114	+	10.57	10.22
96	86	Do. 9¼pc Ln 2015	96	+	10.15	10.18
124	101	Utd Mexican States 16½pc 2008	124		13.29	12.91

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

53 | 52 | Met. Wtr. 3pc B | 53 | | 5.60 | 9.95

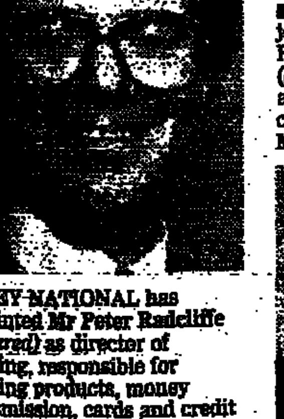
FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass	50		3.50	17.00
50	50	Do. 6pc 28 Stb Ass	50		3	16.00
50	50	Do. 4pc Mixed Ass	50		2	14.00
55	55	Hung. '24 Ass	55		2.75	17.57
132	120	Hydro Quebec 15pc 2011	132		15.0	10.95

Continued on next page

APPOINTMENTS

Abbey National banking director



ABBEY NATIONAL has appointed Mr Peter Radcliffe *(pictured)* as director of banking, responsible for banking products, money transmission, cards and credit services. His previous position was head of banking development.

■ ODECO DRILLING, the contract drilling division of Murphy Exploration & Production, has made the following changes in its UK management after the return to New Orleans of Mr W.J. Wilkinson, recently named senior vice-president, contract *drilling:*

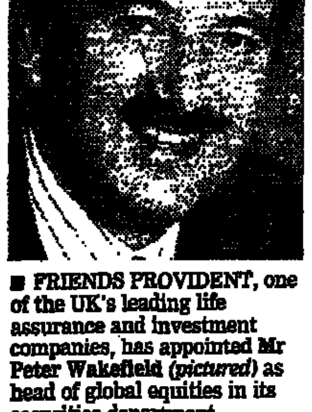
Mr R.M. Macleod becomes director and general manager of UK and European operations, based at Aberdeen; Mr C.S. Weston operations manager administrative support services/Ben-Odeco; and *Mr C.D. Weir* marketing manager.

Mr M.R. Plaisance and Mr E.B. Norwood have been appointed as directors and will continue as operations manager drilling services and engineering manager respectively.

■ Mr Chris Burrows has joined GODDARD KAY ROGERS & ASSOCIATES (executive search consultants) as a director. He was a *consultant with Whitehead* Mann.

■ Business finance group ALEX LAWRIE, a subsidiary of Lloyds Bank, named Mr Howard Bartlett *(pictured)* as director of risk control, based at Banbury.

Mr Bartlett is also taking the position of company secretary for the Alex Lawrie group of companies. He has served with the company for the past 14 years.



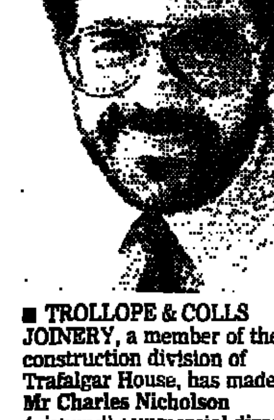
■ FRIENDS PROVIDENT, one of the UK's leading life assurance and investment companies, has appointed Mr Peter Wakefield *(pictured)* as head of global equities in its securities department.

Bringing with him over 30 years' experience in investment management, Mr Wakefield joins Provident from G.T. Management, where he was a director and UK chief investment officer.

Prior to that he was with N.M. Rothschild and Clerical, Medical & General, where he gained extensive experience of managing UK equities, segregated funds and asset allocation.

■ CEGELEC SA, of France, has appointed the Hon David Douglas-Home as chairman of CEGELEC CONTROLS, Rugby, UK. He is a director of several UK companies and chairman or a member of various government committees. He is well-known *in the City as a director of* Morgan Grenfell.

■ Stockbrokers CHARTERHOUSE TILNEY, part of the Royal Bank of Scotland, confirmed the appointment of Mr Simon Wall and *Mr Tim Abrahams* as directors



■ TROLLOPE & COLLS JOINERY, a member of the construction division of Trafalgar House, has made Mr Charles Nicholson *(pictured)* commercial director.

Mr Nicholson was managing surveyor with another Trafalgar House Construction company based at Doncaster.

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AMERICANS

1991 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories‡	31⅛	...	$1.00	–	1.9
385p	257p	♥Allegheny & W 1c	260p	-8	30c	–	6.8
10¼	667p	Amdahl 5c	797p	-14	10c	–	0.7
42¼	25¾	Amer. Cyanamid $5	35⅝	-¼	$1.50	–	2.5
17⅞	9	Amer. Express 60c	14⅞	...	92c	–	3.7
24½	15¼	American T & T $1	21⅝	-1/16	$1.32	–	3.6
38⅞	32½	Ameritech $1	35½	-½	$3.40	–	5.7
26	12	BankAmerica $1	24½	...	$1.20	–	2.9
35⅝	20	Bankers N.Y. $1	33	+¼	$1.52	–	8.7
30½	24¼	Bell Atlantic $1	27	–	$2.52	–	5.3
31¼	25	BellSouth Corp.	28½	+	$2.76	–	5.7
11¼	6⅞	♥Bethlehem Steel $8	10	+	40c	–	2.3
1839p	1046p	Bowater Inc	1458p	+2	$1.20	–	4.9
54	37	CPC Intnl. 25c	52	-⅛	$2.00	–	2.3
930p	420p	California Engy	904p	...	–	–	–
50	28¼	Campbell Soup 15c	44⅝	+	$1.16	–	1.5
12¼	5	Chase Manhattan $12½	11¼	-⅛	$1.20	–	6.5
9	5½	Chrysler $6¼	6½	+⅛	60c	–	5.5
10⅝	5⅞	Chicorp $1	8⅝	...	$1.00	–	7.1
25	21	Colgate-Palmolive $1	23⅛	-⅛	$1.06	–	2.7
928p	438p	Cont'l Bank Corp $4	632p	-13	60c	–	5.6
21⅜	13	Dana Corp. $1	17⅝	-¼	$1.60	–	5.4
1190p	203p	Data General	1149p	+12	–	–	–
22⅞	12⅞	Dial Crop. $1.5	20⅞	-⅛	$1.40	–	4.0
29⅞	20¼	Dun & Bradstreet $1	25⅝	–	$2.16	–	5.0
40	24¼	Eaton Corpn. 50c	36	-½	$2.20	–	–
8½	5⅛	Echlin Inc	7½	-⅛	70c	–	5.5
20¼	14¾	FPL Group 1c	19	+1/16	$2.40	–	7.5
30	17	Fluor Corp 62½pc	24⅞	-¼	32c	–	0.8
23½	13⅛	Ford Motor $1	17⅝	+⅛	$1.60	–	3.4
46	28	Gen. Elect. 63c	40⅝	...	$2.04	–	3.0
566p	270p	♥General Host Corp $1	455p	+6	34c	–	4.4
45¼	20⅞	Gillette $1	23	...	62c	–	1.5
18⅛	794p	Hasbro Inc 50c	14½		24c	–	1.0
38½	21¼	Honeywell $1½	30⅝	+⅛	$1.50	–	2.9
23⅛	17⅞	Houston Inds	22⅛	...	$2.96	–	7.9
72	55	IBM Corpn $1¼	58½	+	$4.84	–	4.9
32½	18	Ingersoll-Rand $2	27	-¼	$1.32	–	2.8
28⅛	16⅞	Lockheed Crpn $1	23½	...	$2.00	–	5.0
2155p	1245p	Lowe's 50c	1918p	-23	56c	–	1.7
18⅞	9½	Manuf. Hanover $1	17	-¼	♦$3.28	–	11.4
26	10	Merrill Lynch $1	24	-⅛	$1.00	–	2.4
33⅞	21	Morgan (JP) $2½	31	–	$1.98	–	3.7
44¼	25	Morris (Philip)	42	+⅛	$2.10	–	2.9
46¼	39	NYNEX $1	43⅛	-⅛	$4.56	–	6.2
89p	15p	♥Pac. Agricultural	15p	..	–	–	–
23	11⅞	Pall Corp. 25c	21¼	.	b44c	–	1.2
46⅛	33¼	Pennzoil 83 1/3c	38	...	$3.00	–	4.7
40½	24	Quaker Oats $5	33	+⅝	$1.56	–	2.7
41¼	24	Rep NY Corpn $5	38	–	$1.40	–	2.1
17⅞	12¼	Rockwell Intl. $1	15⅛	+¼	86c	–	3.5
25⅝	12	Sears, Roebuck 75c	22½	–	$2.00	–	5.3
34⅛	25⅞	Southwestern Bell $1	32⅛	+¼	$2.84	–	5.2
20¼	14	Sun Co. Inc $1	18½	-⅛	$1.80	–	5.8
27⅛	21⅛	Tenneco $5	23⅝	-1	$3.20	–	7.7
40½	29	Texaco $6.25	36½	...	$3.20	–	5.2
26⅛	16⅞	Texas Instr. $1	16⅞	–	72c	–	2.6
64½	37	Time Warner $1	46⅞	-1/16	$1.00	–	1.3
16⅛	8⅞	TRINOVA Corp	13½	.....	68c	–	3.0
538p	250p	♥Unitab	512p	.....	–	–	–
29½	22¼	Utd. Technologies	26	-⅛	$1.80	–	4.1
92p	42p	♥Utilitech Inc	82p	...	–	–	–
23	18¼	US West‡	21⅛	-⅛	$2.08	–	5.8
162p	87½p	Varity Corp‡	124p	-½	$1.30	–	–
24	16⅞	Waste Management $1	20⅞	.....	44c	–	1.2
2200p	1053p	Whirlpool $1	2061p	-10	$1.10	–	3.2
20	13½	♥Woolworth $3½	16⅝	+	$1.08	–	3.8

CANADIANS

1991 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
11p	8½p	♥Abbot Energy Corp	10½p	.....	–	–	–
1477p	955p	♥Amer. Barrick Res.	1246p	-64	8c	–	0.3
19½	13	Bk. Montreal ‡	18	-1/16	$2.12	–	5.7
1015p	536p	Bk. Nova Scot.‡	998p	+6	$1.00	–	5.1
831p	639p	♥BC Gas $1	801p	...	60c	–	3.8
24	17¼	BCE ‡	22½	+1/16	$2.56	–	5.8
10½	647p	♥Brascan‡	934p	-1	$1.04	–	5.7
36p	10½p	♥Breakwater Res.	11½p	+½	10c	–	–
1725p	1180p	Can.Imp Bank‡	1627p	-20	$1.32	–	4.1
11	855p	Can. Pacific ‡	947p	-7	64c	–	3.4

For Varity see Americans

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only

FINANCE, LAND, ETC

[illegible]

FINANCE, LAND, ETC—Contd

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
504	334	Scottish Asian Ptg. 1c	403	.....	–	–	–	
1313	840	Sam Fd Red. Prf	1047	...	–	–	–	–
518	303	Singapore S$S0.40 1c	347	+16	–	–	–	–
56	33	Singer & Friedlander	45	+2	2.5	1.7	7.6	10.1
145	95	Smith New Court	125	.....	3.5	1.2	3.7	28.0
87	61	Do. Cnv Prf 50p	75	...	6.5	–	11.6	–
131	126	South America Fund	126	...	–	–	–	–
[illegible]								

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

MINES—Contd

Australians

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
53	24	ACM 50c	49	...	03c		2.6
27	13	ACM Gold	18	...	05c		14.4
3	3	Arboyne 50c	3		–	–	–
36½	20	Aztec Expln	32	.....	201c	–	1.5
[illegible]							

Tins

[illegible]

Miscellaneous

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							
£11½	£7¾	Homestake Mining $1	£8½	.....	Q20c	–	1.4
61	30	Ivernia West	54		–	–	–
46	35	Kells Mns. Ir5p	36	+1	–	–	–
25	9	Kenmare	10	−½	–	–	–
18	15	Navan Resources	16	−2	–	–	–
99	52	Northgate Expl. C$1	69	.....	–	–	–
16	5	North West Expl.	5		–	–	–
188	82	Oryx Gold Hldgs	136	...	–	–	–
23	11	Ovoca Gold IR 2p	14	+1	–	–	–
44	18	Plateau Mining 20p	18	.....	–	–	–
605	404	RTZ 10p	569	−4	19.5	1.7	4.6
11	3¼	Thorco Res. Inc	10½	...	–	–	–
10	4	Vizcaya Hldgs 5p	4	.....	–	–	–
133	118	Young Group 10p	122xd		5.2	1.8	5.7

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares.
γ Gamma refers to other traded instruments
Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm −) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue, cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend b Figures based on prospectus or other official estimates c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights, xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Craig & Rose £1 β	640	.....
Finlay Pkg. 5p β	20	.....
Holt (Jos) 25p β	1975	.....

IRISH

Stock	Price	+ or −
Cap. 8½% Ln. 2010	£94½	.....
9pc Cap Ln. 1996	£98½	.....
Fin. 13% 97/02	£114	.....
Arnotts	188	.....
Helton Hldgs. γ	45xd	+2
IRG	130	.....
United Drug	188	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds.	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl.	36
Sears	8½
SmKl Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property

Stock	p
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	40
Mountleigh	8½

Oils

Stock	p
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm.	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Stock	p
Lonrho	21
RTZ	48

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AUTHORISED UNIT TRUSTS

For Geoffrey Morley see Commercial Union

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

Sun Alliance Unit Tst Mngmt Ltd (1200)F
Sun Alliance House, Horsham 0403 56293

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basingstoke, Hants 0800 525725

Sun Life Trust Mngmt Ltd (1200)H
107, Cannon St, London EC4N 5AD

Funds in Court*

	Bid Price	Offer Price	+ or −	Yield Gross
Capital Sep 5	513.59	517.39	......	2.97
Gross Sep 5	189.38	190.84	......	10.22
High Yield Sep 5	299.73	302.14	......	7.26

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ 071-588 1815

* Available only to Local Authorities

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or −	Yield Gross
Life Managed Fd	109.2	115.0	+0.2	-
Pension Managed Fd	108.7	114.4	-0.1	-
Life Deposit Fd	109.3	115.1	+0.1	-
Pension Deposit Fd	115.3	121.4	....	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Managed Cautionary	115.6	121.7	-0.3	-
Managed Growth	140.4	147.8	-0.5	-
Managed Opportunity	140.4	147.8	-0.2	-
NFMC Target Financial	106	111.6	....	-
Pension Funds				
Managed Cautionary	125.9	132.6	-0.5	-
Managed Growth	148.6	156.5	-0.6	-
Managed Opportunity	140.7	148.2	-0.1	-
NFMC Target Mngd Pen	1573.7	1656.6	+0.9	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or −	Yield Gross
Harvester Pension Funds				
Managed	167.4	176.3	....	-
UK Equity	180.4	189.9	....	-
Overseas Equity	131.6	138.6	....	-
Fixed Interest	152.3	160.4	....	-
Property	135.4	142.6	....	-
Index Linked	151.2	159.2	....	-
Deposit	161.0	169.5	....	-
With Profits (B)	131.8	138.8	....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	361.9	381.0	+0.6	-
UK Equity	463.8	488.3	+0.7	-
Overseas Eq	347.2	365.5	+0.7	-
Americas	285.2	300.3	-	-
Far East	360.4	379.4	+2.0	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or −	Yield Gross
UK Equity Acc	236.8	249.8	+0.1	-
UK Fixed Int Acc	184.0	194.1	....	-
Intl Equities Acc	175.7	185.4	-0.3	-
UK Managed Acc	178.6	188.3	....	-
Property Acc	224.2	236.6	....	-
Money Acc	131.3	138.6	....	-
Special Market Acc	148.5	156.7	+0.4	-
Japan Equity Acc	96.9	102.3	-0.4	-
North American Acc	104.6	110.4	-0.3	-
Pacific Acc	92.3	97.4	-0.2	-
Technology Acc	120.4	127.1	-0.3	-
Nat Resources Acc	52.3	55.2	-1.2	-
European Acc	102.5	108.2	....	-
Residential Prop Acc	96.5	101.8	....	-
Swiss Equities Acc	34.2	36.1	+0.1	-
Hong Kong Acc	67.0	70.7	-0.2	-
UK High Inc Eq Acc	77.1	81.4	....	-
Int Fixed Interest Acc	59.3	62.6	+0.2	-
Int Managed Acc	56.7	59.8	....	-
HIP Managed Acc	119.8	126.3	+0.2	-
HIP Managed II Acc	103.8	109.4	+0.1	-
HIP Managed III Acc	110.7	116.7	+0.1	-
Total Investment Bond				
UK Equity Initial	160.9		+0.1	-
UK Fixed Int Initial	125.2		....	-
Intl Equities Initial	118.6		-0.3	-
UK Managed Initial	121.6		....	-
Property Initial	153.7		....	-
Money Initial	89.8		....	-
Special Market Initial	115.2		+0.3	-
Japan Equity Initial	75.2		-0.3	-
North American Initial	81.2		-0.2	-
Pacific Initial	71.6		-0.1	-
Technology Initial	93.4		-0.2	-
Nat Resources Initial	40.5		-1.0	-
European Initial	91.9		+0.1	-
Residential Prop Init	92.0		-	-
Swiss Equities Initial	32.6		-	-
Hong Kong Initial	63.9		-0.2	-

Royal Heritage Life Assurance Ltd – Contd.

Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS

Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1HT

Eurolife Assurance Group
Eurolife Hse, 16 St John St., EC1M 4AY 071-454 1151

	Bid Price	Offer Price	+ or −	Yield Gross
Sterling Eurobond Fd	188.1		....	-
Intnl Eurobond Fd	180.1		....	-
Discretionary Fund	127.3		....	-

Finexco International Ltd
PO Box 193, St Peter Port, Guernsey 0481 713100

	Bid Price	Offer Price	+ or −	Yield Gross
Intl $ Strategy Fd	$1.106	1.190	....	-
Intl £ Strategy Fd	£1.331	1.432	....	-
Intl DM Strategy	DM1.780	1.914	....	-
$ Defensive Strategy Fd	$1.887	2.030	....	-
$ Aggressive Strategy Fd	$1.966	2.115	....	-

Independent Financial Group PLC
Hornbeam Park, Harrogate, HG2 8QT 0423 873636

	Bid Price	Offer Price	+ or −	Yield Gross
Life Managed Funds				
APM Managed (Stkz)	176.5	185.7	....	-
APM B.I. & Growth	115.5	121.6	+0.6	-
APM Bond Fund (Large)	103.8	109.3	+0.1	-
APM Univ Bd (S & P)	50.5	53.5	-0.6	-
Pensions Managed Funds				
APM Exclusive Pen (RR)	152.6	160.7	-1.7	-
APM Mngd Pen (Skld)	657.4	691.9	-0.3	-
APM Mngd Pen (Target)	80.8	86.9	-0.3	-
APM Univ Pen (S & P)	65.8	69.7	-0.3	-

Johnson Fry Asset Managers Plc

Lion World Fixed Income Fund
Albert Hse, Sth Esplanade, St Peter Port 0481 713996

Lloyds Intl Money Market Fund Ltd
Sarnia Hse, Le Truchot, St. Peter Port, Guernsey 0481 724983

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

هكذا من الأصل

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LUXEMBOURG (SIB RECOGNISED)

Henderson Management SA (u)
21-25 Allee Scheffer L-2520 Luxembourg 071-638 5757 or 010-352 462232

Henderson Horizon Fund	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Japanese Portfolio	$-		10.95	11.57	.....	-
Japan Smlr Cos P'flio	$-		25.28	26.69		-
Pacific Portfolio	$-		13.24	13.99		-
Nth American P'folio	$-		5.48	5.79		-
European Portfolio	$-		6.34	6.71		-
UK Portfolio	£-		6.38	6.76		-
Global Portfolio	$-		9.68	10.29		-
Fixed Int Portfolio	£-		9.26	9.72		-
Dollar Liquidity P'folio	$-		0.7724	0.8093		-
Stlg Liquidity P'folio	£-		1.0824	1.1341		-
Int Cos Portfolio	$-		10.89	11.43		-

Hill Samuel Inv Services Intl SA (u)
Marktgasse 63/65, 3001 Berne, Switzerland 224051

Hill Samuel Global Portfolio	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity Sub-Funds						
UK Equity	£-		10.42	-		-
UK Smaller Co's Eqty	£-		9.98	-		-
Nth American Equity	$-		9.80	-		-
US Smaller Co's Eqty	$-		9.24	-		-
Pacific Basin Equity	$-		9.40	-		-
Japanese Equity	Y-		703	-		-
European Equity	DM-		8.78	-		-
Bond Sub-Funds						
Sterling Fixed Int	£-		10.70	-		-
Sterling Fixed Int Dtr	£-		10.43	-		-
European Fixed Int	DM-		9.96	-		-
European Fixed Int Dtr	DM-		9.77	-		-
International Sub-Funds						
Global Equity	$-		9.29	-		-
Global Bond	$-		10.49	-		-
Global Bond Dtr	$-		10.30	-		-
Global Managed	$-		9.11	-		-

Hypo Foreign & Colonial Port Fd Sicav(u)
Exchange Hse, Primrose St EC2A 2NT 071-628 8000

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Am Smlr Cos Eqty(1-2)	$-		13.37	(z)		-
Oriental Eqty(1-8)	$-		9.76	(z)		-
European Eqty(1-3)	$-		12.37	(z)		-
Nordic Equity	$-		14.66	(z)		-

Wardley Investment Services -Contd.

		Bid Price	Offer Price	+ or -	Yield Gross
US Dollar Bond	$-	9.86	10.38	+0.01	-
Intl Managed Bond	$-	12.11	12.75	+0.04	-
Sterling Reserve	£-	5.06	5.33	+0.01	-
US Dollar Reserve	$-	9.78	10.30		-

LUXEMBOURG (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Alliance Capital				
Global Bond Fund	$12.26	12.64	+0.01	-
Global Leisure	$11.73	12.09	+0.02	-
Health Care	$43.76	45.94	+0.16	-
Intl. Tech	$20.97	22.07	+0.08	-
Worldwide Income A1	$10.03	10.34	.....	9.28
Worldwide Income A2	$10.70	11.03	.....	-
Worldwide Income B	$10.01	10.01		8.36
Asian Development Equity Fund				
Portfolio A Sep 6	$20.85			-
Portfolio B Sep 12	$13.90			-
Atlantas Sicav				
American One Sept 10	$600.81			-
Am Dynamic Sept 10	$666.78			-
Far East Sept 10	Y38 086.00			-
Europrobabance Sept 10	DM444.56			-
Bond Global Sept 10	DM584.38			-
Banque Ferrier Lullin (Lux) SA				
FL Tst Switzerland	SFr96.28			-
Banque Paribas Luxembourg				
NKS Europe & Income	$10.94			-
Paribas Soleil	$6.92			-
Parinter Bond	$15.07			-
CB Fund International (u)				
CB Fd Int.	$14.17			-
CM Investment Serial Funds				
Global Gwth NAV	$10.03		+0.18	-
Capel-Cure Myers Intnl Fd Sicav (u)				

Target International Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Growth Fd	$21.51	22.7018	-0.0109	-
Templeton Worldwide Investments				
Growth Portfolio				
Class A-1 $	$9.74		.....	-
Class A-2 $	$10.94			-
Class A-3 $	$10.31			-
Class B-1 $	$9.96			-
Class B-2 $	$10.76			-
Income Portfolio				
Class A $	$10.54			-
Class B $	$10.48			-
Top Brand Fund Intl-SICAV (u)				
Top Brand Fd Intl	$14.12	14.83		1.35
Inv Ad Warburg Asset Mngt London				
Transworld Bond Trust				
NAV	$11.63		+0.03	-
US Pacific Stock Fund (u)				
NAV	$15.98			-

GT Management Plc - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
GT Berry Japan Fd (z)	$27.17		+0.36	0.87
GT Berry Jap Sml(z)	£17.40		+0.18	-
GT Biotech Hlth Fd (z)	$19.21		-0.07	-
GT Bond Fund (z)	$17.18		+0.05	7.57
GT Deutschland Fd (z)	$11.89		+0.01	-
GT Dollar Fd (z)	$21.27		+0.02	0.74
GT Emerging Mkts	$11.91			-
GT Europe Fund (z)	$31.81		-0.06	0.06
GT Euro Small Cos (z)	$31.62			-
GT Global Small Cos(z)	$16.77			0.28
GT Glbal Tech (Susp)	$-			-
GT Hong Kong Fd (z)	$34.69		-0.05	3.14
GT Honshu Pfdr (z)	$11.35		+0.02	-
GT Investment Fd(z)	$15.44		-0.05	0.26
GT Jap OTC Stocks	$11.38			-
GT Jap Sm Co(z)	$14.88			0.46
GT Korea Fd (z)	$6.53		+0.10	-
GT Latin America Fd (z)	$13.63			-
GT New'ly Ind Co Fd (z)	$28.95			1.79
GT Taiwan Fd (z)	$8.78			-

NM Financial Mngt Intl Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Int Residential Prop Fd	£0.716	0.766		0.00
The New Zealand Fund				
Manager Leadenhall Offshore Ltd				
The NZ Fund	$5.42	5.81		-
Newport International Management				
Npt. Intl Securities	$42.37			-
Npt Intl Inc Fd	$19.85			-
Npt. Pacific n10-1)	$2.82			-
Nomura Warrant Fund 1990 Ltd				
NAV	$1.38			-
North Star Fund Managers (Cayman) Ltd				
Invest Fund	DKr317.0	318.0	-	-
Low Risk Fund	DKr249.0	250.0	.....	-
High Perf Fund	DKr308.0	309.0		-
Bond Fund	DKr173.0	174.0	-	-
Second Low Risk Fd	DKr190.0	191.0		-
Second High Perform Fd	DKr233.0	234.0		-
Mixed Intl Fd	DKr163.0	164.0		-

ISLE OF MAN (SIB RECOGNISED)

JERSEY (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

GUERNSEY

JERSEY (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak ahead of CPI

A SMALLER than expected rise in August US producer prices had little impact on a weak dollar yesterday. The foreign exchanges are now waiting for today's US consumer price index to confirm that inflationary pressure has eased and also for a possible easing of Federal Reserve monetary policy.

Mr Wayne Angell, a Federal Reserve Board governor, said the US was making progress towards price stability, but declined to make a specific comment about the 0.2 per cent increase in the August PPI. Analysts expected a rise of 0.3 per cent and forecast new applications for weekly unemployment benefit of 422,000, but *this figure was also slightly* lower at 420,000.

Today's figures are expected to show that August consumer prices rose at an unchanged 0.2 per cent and that year-on-year inflation fell to 3.8 from 4.4 per cent.

The immediate performance of the dollar is likely to depend on the reaction of the Federal Reserve. A cut in the Federal funds target level of 5¼ per cent is likely to have more impact than a reduction in the 5½ per cent US discount rate.

At the London close the dollar had fallen to DM1.6855 from DM1.6970; to Y134.05 from Y134.90; to SFr1.4770 from SFr1.4860; and to FFr5.7425 from FFr5.7725. On Bank of England figures the dollar's index declined to 65.0 from 65.6.

Sterling gained more than ¾ cent against the dollar but lost ground to its partners in the European exchange rate mechanism.

A year-on-year rise of 7.5 per cent in UK average earnings during July was below estimates of 8.0 per cent and according to dealers was a significant pointer towards a fall in the underlying level of inflation. The June figure was revised down to 8.0 from 8.25 per cent. This increased speculation about lower UK bank base rates, leaving the pound weaker in the ERM.

Fading expectations of a UK general election this year mean that the political risk in holding the currency could increase during the winter at a time when the differential between UK and German interest rates has already narrowed sharply.

Sterling rose 80 points to $1.7335, but fell to DM2.9225 from DM2.9275; to FFr9.9550 from FFr9.9600; to SFr2.5600 from SFr2.5650; and to Y232.25 from Y232.75. The pound's index was unchanged throughout at 91.2.

Despite its general decline against the major European currencies sterling remained the third weakest currency in the ERM, above the Danish krone and French franc.

The peseta eased slightly, but stayed the highest currency in the ERM, showing little reaction to an unchanged Spanish year-on-year inflation rate of 6.0 per cent. Dealers said it is unlikely that the Bank of Spain will cut its money market intervention rate, the main instrument of credit policy, at today's repurchase agreement tender.

£ IN NEW YORK

Sep 12	Latest	Previous Close
£ Spot	1.7325-1.7335	1.7335-1.7345
1 month	0.68-0.67pm	0.74-0.72pm
3 months	1.92-1.90pm	1.92-1.89pm
12 months	6.42-6.34pm	6.48-6.40pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 12	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.683	-3.70	5.07	64
D-Mark	2.05586	2.04929	-0.32	1.51	26
Belgian Franc	42.4032	42.2340	-0.40	1.59	24
Dutch Guilder	2.31643	2.31010	-0.27	1.46	18
Italian Lira	1538.24	1535.05	-0.21	1.39	15
Irish Punt	0.767417	0.766813	-0.08	1.26	8
Sterling	0.696904	0.700808	0.56	0.62	-12
Danish Krone	7.84195	7.91547	0.94	0.24	-39
French Franc	6.89509	6.97653	1.18	0.00	-60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

STERLING INDEX

POUND SPOT - FORWARD AGAINST THE POUND

CURRENCY MOVEMENTS

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY RATES

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

* Selling rate.

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
104	-	-	-	0.13	0.40	0.65
105	1.99	-	-	0.27	-	-
106	1.29	1.70	2.12	0.53	1.00	1.26
107	0.74	-	-	0.98	-	-
Open Int	96,573	30,468	1,000	76,932	32,260	4,300

Estimated volume 32,201 Total Open Interest 241,533

POUND - DOLLAR

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Co-operative Bank	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Coutts & Co	10.5	Midland Bank	10.5
AIB Bank	10.5	Cyprus Popular Bk	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Dunbar Bank PLC	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Duncan Lawrie	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Equatorial Bank plc	10.5	Nykredit Mortgage Bank	11.5
Banco Bilbao Vizcaya	10.5	Exeter Bank Limited	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	Financial & Gen. Bank	11	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	First National Bank Plc.	14	Royal Bk of Scotland	10.5
Bank of India	11	● Robert Fleming & Co.	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Robert Fraser & Ptnrs.	11	Standard Chartered	10.5
Banque Belge Ltd	11	Girobank	10.5	TSB	10.5
Barclays Bank	10.5	● Guinness Mahon	10.5	Unibank plc	10.5
Benchmark Bank	11	● Hambros Bank	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	Heritable & Gen Inv Bnk.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	● Hill Samuel	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	C. Hoare & Co.	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Hongkong & Shanghai	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
		Lloyds Bank	10.5		
		Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates steady

RATES WERE little changed on the London money market yesterday as sterling's possible vulnerability to further reductions in bank base rates was countered but a surprisingly small rise in July UK average earnings. The lower than expected average earnings figure pointed towards a continued decline in inflation.

Three-month sterling interbank was quoted at 10$\frac{3}{16}$-10⅛ per cent, compared with 10$\frac{5}{16}$-10¼ on Wednesday, while 12-*month money was steady* at 10$\frac{1}{16}$-10 per cent.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

On Liffe prices of short sterling futures rose on the UK employment data. December delivery climbed to 90.32 from 90.25.

Day-to-day credit was in short supply on the cash market. The Bank of England initially forecast a shortage of £1,100m, but revised this to £1,150m at noon and to £1,200m in the afternoon. Total assistance of £1,131m was provided.

An early round of help was offered and at that time the authorities bought £203m bills outright, by way of £105m bank bills in band 1 at 10⅜ per cent and £98m bank bills in band 2 at 10⅜ per cent.

In further operations before lunch the Bank of England purchased another £215m bills outright, via £2m Treasury bills in band 1 at 10⅜ per cent; £12m bank bills in band 1 at 10⅜ per cent; and £201m bank bills in band 2 at 10⅜ per cent. In the afternoon £613m bills were bought, through £85m Treasury bills in band 1 at 10⅜ per cent; £20m bank bills in band 1 at 10⅜ per cent; and £508m bank bills in band 2 at *10⅜ per cent.*

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,027m, with the unwinding of repurchase agreements on bills absorbing £396m, a rise in the note circulation £50m and bank balances below target £105m. These outweighed exchequer transactions adding £470m to liquidity.

In Brussels the Belgian National Bank continued to tighten its monetary stance by increasing the overnight intervention rate to 9.00 from 8.95 per cent. This followed Wednesday's move to guide one-month rates higher

In Frankfurt call money eased to 9.00 from 9.05 per cent, as traders waited for seasonal tax payments to drain up to DM25bn from the banking system this month. A meeting of the Bundesbank council yesterday left credit policies unchanged.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

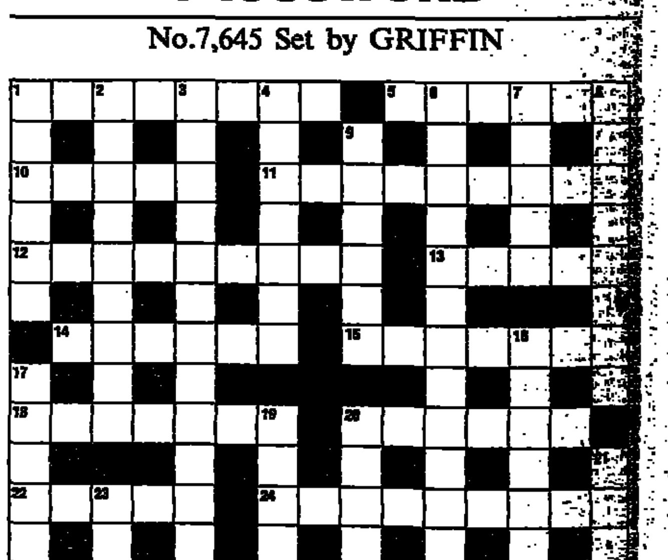
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,645 Set by GRIFFIN



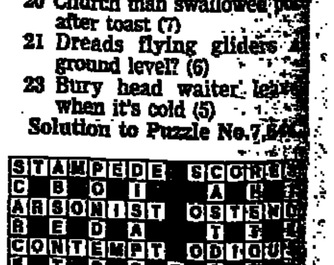
ACROSS

1 Help to advertise leaflet (8)
5 Mounted decals crookedly (6)
10 Fully developed on time last month (5)
11 Competitors postpone game around mid-morning (9)
12 Make fruitless, tireless journeys around one (9)
13 Elizabeth injected the anaesthetic (5)
14 Girl volunteers to model, hiding figurine (6)
15 Half of them stay to hug (7)
18 Slip out of gear? (7)
20 Crabs crawling overhead – in trees! (6)
22 Chosen from the literature (5)
24 Exasperated expert considered including Black (9)
25 Craftsman's address whenever Eric's bad (9)
26 Go before greeting the French (5)
27 Railway tracked conveyance rejected by constant sufferer (6)
28 People throwing ball in vessels (8)

DOWN

1 Vehicle departed in (6)
2 Una dressed sitting down, disgusted (9)
3 They're blooming mad! (4-2-3-6)
4 Track one, wriggling in like a lion (7)
6 Cathedral visitors may bear these bloomers (10,5)
7 Start off without a meal (5)
8 Eccentric deters journalist being abandoned (8)
9 Rider returns with present (a ball) (6)
16 Badly treat one supporter standing before judge (9)
17 Half-hearted evangelist fighting many (8)
19 Brand companion wanted probe (6)
20 Church man swallowed post after toast (7)
21 Dreads flying gliders at ground level? (6)
23 Bury head waiter leave when it's cold (5)

Solution to Puzzle No.7,644



WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

JAPAN
[illegible]

FRANCE (continued)
[illegible]

GERMANY
[illegible]

GERMANY (continued)
[illegible]

ITALY
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWEDEN (continued)
[illegible]

SWITZERLAND
[illegible]

SOUTH AFRICA
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (continued)
[illegible]

HONG KONG
[illegible]

MALAYSIA
[illegible]

SINGAPORE
[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. ♦ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

3:00 pm prices September 12

[illegible]

MONTREAL

3:00 pm prices September 12

[illegible]

2800 Telegiobe x	u$10¼	10⅛	10¼	+⅛
400 Videotron	$13⅝	13⅝	13⅝	−⅛

Total Sales 10,270,900 shares

INDICES

NEW YORK

DOW JONES	Sep 11	Sep 10	Sep 9	Sep 6	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2987.03	2982.56	3007.16	3011.63	3055.23 (28/8)	2470.30 (9/1)	3055.23 (28/8/91)	41.22 (2/7/32)
Home Bonds	96.12	96.16	96.25	96.18	96.29 (29/8)	91.30 (16/1)	96.29 (29/8/91)	54.99 (1/10/81)
Transport	1175.42	1162.38	1172.60	1174.72	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	206.81	205.93	206.69	206.25	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3004.70 (3012.97) Low 2964.67 (2967.80)

STANDARD AND POOR'S

	Sep 11	Sep 10	Sep 9	Sep 6	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	385.09	384.56	388.57	389.10	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	456.65	456.19	461.21	462.08	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.18	31.21	31.58	31.57	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	211.21	211.00	213.14	213.51	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (25/4/42)
Amex Mkt. Value	364.68	366.19	369.06	369.70	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	514.76	511.28	518.07	516.94	526.39 (29/8)	355.75 (14/1)	526.39 (29/8/91)	54.87 (31/10/72)

	Sep 6	Aug 30	Aug 23	year ago (approx.)
Dow Industrial Div. Yield	3.04	3.01	3.01	3.86

	Sep 4	Aug 28	Aug 21	year ago (approx.)
S & P Industrial div. yield	2.70	2.65	2.69	3.24
S & P Indl. P/E ratio	21.33	21.71	21.35	15.47

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
AT & T	3,122,200	37⅞	−⅛
Pepsico	2,801,600	29⅝	+½
Boeing	2,708,200	50	−1¼
Tenneco	2,298,400	40⅞	−2¼
HJ Heinz	1,909,400	37⅞	−⅛
Marion Merrell	1,831,000	36¼	+3
Syntex	1,668,700	42	−⅞
Kemper CP	1,654,500	30	−1⅛
IBM	1,584,900	101⅞	+1⅝
Saloman	1,542,300	25	+⅞

TRADING ACTIVITY

† Volume Millions	Sep 11	Sep 10	Sep 9
New York SE	147.910	143.350	109.250
Amex	13.837	11.836	10.398
NASDAQ	151.802	146.734	105.845
NYSE			
Issues Traded	2,102	2,109	2,078
Rises	720	404	730
Falls	791	1,164	793
Unchanged	591	541	555
New Highs	44	37	47
New Lows	14	15	9

CANADA

TORONTO	Sep 11	Sep 10	Sep 9	Sep 6	1991 HIGH	1991 LOW
Metals & Minerals	2966.18	2976.40	3008.09	3026.10	3299.99 (18/7)	2632.06 (9/1)
Composite	3428.76	3448.15	3478.96	3488.30	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1817.39	1827.86	1848.02	1851.13	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sep 12	Sep 11	Sep 10	Sep 9	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1569.1	1560.3	1558.1	1564.6	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80)	662.0	662.5	659.9	663.9	787.2 (26/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	468.04	473.63	481.78	475.50	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1116.18	1120.13	1123.46	1130.22	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	366.62	367.09	367.70	370.65	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	928.5	952.9	936.3	935.3	1186.9 (8/4)	898.5 (23/1)
FRANCE						
CAC General (31/12/82)	487.48	486.94	488.95	490.56	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1861.17	1842.56	1840.47	1855.88	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	674.59	675.64	673.48	678.37	717.43 (17/6)	578.48 (15/1)
Commerzbank (1/12/53)	1899.60	1904.60	1997.90	1913.10	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1651.32	1628.19	1629.12	1633.86	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3970.10	3966.93	3959.27	3940.54	4079.01 (14/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1457.72	1454.66	1455.93	1451.92	1528.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	540.91	542.12	548.69	549.39	629.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22530.20	22504.79	22411.58	22573.98	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1748.58	1748.36	1748.84	1758.58	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2734.21	2738.30	2747.82	2757.79	3423.46 (18/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	549.41	548.78	552.60	559.16	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Tot.Rtn.Gen.(End 1983)	280.1	280.5	280.4	281.3	284.8 (5/8)	221.4 (16/1)
CBS All Shr (End 1983)	198.7	198.8	198.9	199.5	203.1 (5/8)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	767.67	763.44	760.63	760.66	793.53 (26/8)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	962.62	895.28	946.61	958.75	1183.40 (29/8)	582.64 (18/1)
SINGAPORE						
SES All-Singapore (2/4/75)	387.20	386.58	388.12	388.47	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1139.0	1135.0	1193.0	1184.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4218.0	4197.0	4237.0	4198.0	4237.0 (10/9)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	683.31	690.71	688.69	689.25	763.10 (6/8)	590.57 (22/8)
SPAIN						
Madrid SE (30/12/85)	271.32	269.91	270.60	272.30	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1094.4	1085.8	1074.1	1063.8	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	759.5	759.0	755.5	(c)	769.2 (29/8)	598.4 (14/1)
SBC General (1/4/87)	625.2	624.8	623.6	(c)	630.8 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4663.02	4668.49	4722.88	4787.80	6305.22 (9/5)	3316.26 (14/1)
THAILAND						
Bangkok SET (30/4/75)	722.56	722.59	729.82	734.07	908.13 (19/4)	582.48 (14/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	505.8*	503.7	504.3	506.9	529.2 (17/4)	439.1 (14/1)

**Saturday September 7: Taiwan Weighted Price: 4709.50 Korea Comp Ex. 681.90. *Calculated at 15.00 GMT. § Subject to official recalculation.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks

Thursday 12 September 1991

	Stocks Traded	Closing Prices	Change on day
Meiji Seika	22.7	1,080	+105
Clarion	11.4	1,440	+200
Mitsui Ship	10.1	609	+9
Hitachi Zosen	9.7	680	0
NKK	8.9	409	+2
Furukawa	8.7	710	+5
Kurabo Ind	7.3	941	+46
Toyo Tire	6.6	802	+20
Takuma	6.2	1,440	+150
Minebea	6.2	775	+48

3:15 pm prices September 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13	11	Sabine RR x	1.32	0.11	7	48	12	11⅞	11⅞	-⅛
9⅞	6⅞	Safeguard	0.15	0.02	7	236	8⅝	8¼	8⅝	
13¾	8⅝	Safeg'd So.			8	32	11⅛	11⅛	11⅛	+⅛
37	26	SafetyKln x	0.32	0.01	27	2059	29⅛	28¼	28⅝	-½
21⅜	11⅞	Safeway				161363	17⅞	17¼	17⅜	-⅛
4⅞	2⅞	SafewayWt8				278	3⅞	3⅞	3⅞	-⅛
36⅞	26⅞	StJoePaper x	0.20	0.01	34	18	31⅝	31½	31½	+⅛
34½	28⅝	StJoeLAP	1.68	0.05	12	22	32⅝	32	32⅝	
4⅝	1½	Salant Crp			0	8	2⅞	2¾	2⅞	+⅛
58¾	43⅞	Sallie Mae	0.80	0.01	19	2573	63⅞	63	63⅞	-⅛
13⅝	10⅞	Salomon Br	0.50	0.04		254	13⅝	13¼	13¼	-⅛
37	22¼	Salomoinc x	0.64	0.02	8	6379	25⅞	25¼	25⅞	+⅜
45½	37¼	SalSgo G&E x	2.80	0.07	11	1034	40⅞	40⅝	40⅞	+⅛
4⅞	2¼	SantaFeEDu	0.60	0.19	20	21	3⅛	3⅛	3⅛	
18⅜	11	SantaFeERs	0.16	0.01	23	289	11⅞	11⅞	11⅞	-⅛
32⅝	25	SantaFePac	2.65	0.08	10	53	32½	31⅞	32½	+⅛
10¼	5⅛	SantaFeSth			4	461048	9⅛	8⅞	9	+⅛
45⅞	29⅝	Sara Lee	0.94	0.02	20	3544	43⅛	42⅝	43	+⅛
⅛	1/16	Savin Corp				01249	0.06	0.06	0.06	
7⅞	1⅞	Savin 0.80	0.80	0.29		12	2¾	2¾	2¾	
40½	33½	Scana Corp x	2.62	0.07	8	585	38⅞	38⅝	38¾	+⅛
44	35	Scecorp	2.72	0.06	11	1780	43⅞	43⅛	43⅛	-⅛
58⅝	40⅞	ScheringPl	1.32	0.02	20	3649	56⅝	55½	55⅝	+1½
74	50½	Schl'berger x	1.20	0.02	27	3045	71⅞	71¼	71⅝	+⅞
28½	11⅞	Schwab(C)	0.20	0.01	24	346	27	26	27	+1¼
8⅞	3⅞	Schwitzer			15	184	7⅛	7⅛	7⅛	+⅛
17⅞	11½	ScientAtln x	0.16	0.01	23	1360	12¼	12	12	-⅛
9⅝	6½	Scotman	0.10	0.02	10	83	6½	6½	6½	
40⅝	35⅛	ScottPaper	0.80	0.02	36	535	39⅛	38⅞	39½	+⅛
16½	11⅞	ScudrNAsF	0.58	0.04		72	14⅛	14⅛	14⅞	
10¾	7¼	ScuddNEuF	0.25	0.03		111	9	8⅞	8⅞	-⅛
28½	19¾	Sea Cont			10	243	22⅞	21⅞	21½	-1⅛
15⅞	13½	SeaC1.4625	1.46	0.10		6	15⅛	15⅛	15⅛	-⅛

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅞	14¼	Xtra Corp	0.72	0.03	77	4	23⅛	23¼	23¼	-⅛
24⅛	21⅞	Yankee Egy x	1.60	0.07	11	46	23½	23⅜	23½	+⅛
1½	⅜	Zapata			3	192	⅞	½	⅞	
9⅞	5½	ZenithElec			1	123	5¾	5⅝	5¾	
18½	12	Zenith Nat x	1.00	0.06	97	12	18½	18½	18½	-⅛
8¼	4½	Zenix Inc	0.84	0.14		10	6	5⅞	6	+⅛
15⅛	10⅞	Zero Corp	0.40	0.03	17	24	14⅞	14¾	14¾	-⅛
41⅞	29½	Zurn Ind x	0.88	0.02	14	169	35½	35⅛	35⅛	+⅛
13½	10¼	Zweig Fund	1.12	0.09		243	12⅛	11⅞	11⅞	-⅛
10¼	8½	Zweig Totl x	0.96	0.10		376	10⅛	10	10	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices September 12

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pegasus G		6	1443	10⅞	10	10	-⅞
Perini		7	8	10⅝	10½	10⅝	+⅛
Pet HEP x	0.31	12	10	10⅛	10⅛	10⅛	
Phil LD x	0.17	8	912	19⅝	18½	19	+⅝
Pittway A	0.70	9	87	22⅞	22	22	-⅝
Glatfltr	1.20	15	61	55⅞	53⅝	55⅝	-⅛
Goldfield		6	7	⅛	d¼	⅛	
Greenman		24	27	3⅞	3⅞	3⅞	
Grainer	0.20	18	4	15½	15⅜	15⅜	
GRI Corp		67	30	3⅛	3⅛	3⅛	
Gulf Cda	0.36	187	z100	7⅛	7⅛	7½	
Hasbro	0.24	30	1211	26⅛	25⅜	26⅛	+1
Health Cb		1	25	1⅞	1⅝	1⅞	
NY Time A x	0.56	52	867	21⅞	21⅝	21⅝	-⅛
NthCanOil	0.20	33	23	13⅞	13½	13⅞	
Nunac O&G		40	3	4½	d4½	4½	
NV Ryan		0	73	⅞	⅞	⅞	
Odetics A		18	3	4½	4½	4½	
Olsten	0.24	36	681	u24¼	23¾	23⅞	+⅛
OMI Corp	0.14	13	171	9¼	9⅛	9¼	+⅛
Pall Corp	0.44	29	787	38⅝	37¾	38⅛	+½
Vlvigen		26	28	17½			
WangLab C		1	12	5⅞			
WangLab B		1	350	2⅞			
Westbrdg		26	42	8⅛			
Westamer	0.48	11	36	18½			
WIRET	1.36	12	40	13			
Worthen		8	52	u15⅞			
Xytronix		34	139	21			

MANAGEMENT BUYOUTS

The FT proposes to publish this survey on
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Data BMRC Businessman Survey 1990

FT SURVEYS

NASDAQ NATIONAL MARKET

3:00 pm prices September 12

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		35	2537	29¼	28¼	28⅞	-⅛
XL Data		36	412	12⅛	11⅝	12	+⅝
Xoma Corp		9	3574	17⅞	16½	17	-⅛
Yellow Fr	0.94	16	405	30⅝	30⅛	30⅛	+⅞
York Rsch		69	1480	8½	8	8⅜	+⅛
ZionsUtah	1.44	9	z100	48	47¼	46¼	

HUNGARY

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October 30 1991.
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Data source: Chief Executives in Europe 1990

FT SURVEYS

AMERICA

Growing hopes of cut in interest rates lift Dow

Wall Street

GOOD NEWS on inflation raised hopes of an interest rate cut and helped share prices make an early rise yesterday morning, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 14.76 at 3,001.79, having flirted with the 3,000 mark all morning. The more broadly based Standard & Poor's 500 was also firmer, up 1.89 at 386.96, while the Nasdaq composite of over-the-counter stocks gained 5.87 to 520.63. Volume on the NYSE was heavier than in recent days at 98m shares by 1 pm.

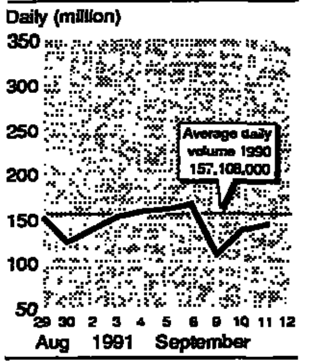
After several days in the doldrums, the market got a welcome boost from news of a 0.2 per cent rise in August producer prices. The figure was lower than expected, and prompted speculation that the Federal Reserve would cut the discount rate by 50 basis points to 5 per cent.

However, analysts said they thought it more likely that the central bank would not ease until it had seen the August consumer prices numbers, which are due today. Even then the Fed might still wait a few more days before easing, because it would not want to be seen reacting too quickly to one set of economic data.

Among individual issues, Bank of Boston fell $⅝ to $10½ on the news that the Fed has forbidden the troubled New England banking group to pay dividends to shareholders without its permission.

Unisys shed $⅜ at $4⅝ after it was revealed that the computer group is seeking $400m from its bankers to avoid the possibility of its big debt obligations putting a severe squeeze on the group's cash position.

NYSE volume



Northrop fell $1¾ to $25⅛ as investors reacted negatively to the results of recent tests which showed that the Northrop-made B-2 bomber is not as stealthy as originally predicted. The discovery could swing support in Congress away from the B-2 project.

NL Industries slipped $1½ to $14¾ after the company said that its self-tender offer to buy up to 1m shares for between $14.50 and $17.50, which expired on Wednesday, would not be extended.

US Healthcare, an over-the-counter stock, jumped $3⅝ to $27 after regulators in the state of New Jersey approved the company's request for a 16 per cent increase on its insurance premium rates.

Digital Systems plummeted $6½, or 40 per cent, to $9¼ on a warning from the company that third-quarter profits would fall to between 9 cents a share and 13 cents a share, compared with 26 cents a share a year ago.

Canada

TORONTO stocks were marginally higher at midday on hopes of a cut in US interest rates. The composite index rose 2.3 to 3,432.0. Declining issues led advances by 230 to 188 on volume of 12.9m shares valued at C$147.2m.

Among the most active stocks were Nova Corp, which rose C$⅛ to C$7⅞, Stelco A, which eased C$⅛ to C$5⅛, and Alberta Energy, which added C$⅝ to C$14⅛.

Among mines and oils, Placer Dome was steady at C$12⅛, International Corona A fell C$⅛ to C$7⅞ and Fairbanks Gold lost C$1¼ to C$5¼.

Aur Resources tumbled 45 cents to C$3.10 after an analyst downgraded the company to a sell from a hold.

S African industrials leave golds behind

Philip Gawith reports on the growing divergence between two prominent JSE sectors

GOLD'S recent inability to perform in times of uncertainty has been reflected in the divergence between two prominent sectors on the Johannesburg Stock Exchange (JSE). During last month's failed Soviet coup, for example, the industrial index barely paused before resuming its uptrend, but gold shares continued to slide.

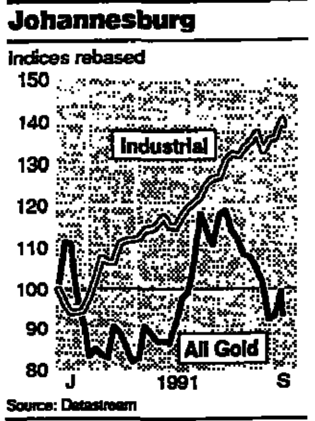
The JSE industrial index closed yesterday at 4,218, not far off Tuesday's record high of 4,237 and 49 per cent above its 1991 low of 2,829 in January. Golds closed at 1,139, down 22.5 per cent from the 1991 peak of 1,469 set early in July. On Wednesday the index lost 5 per cent as bullion prices plunged to five-year lows on reports of secret Soviet gold sales.

The market capitalisation of gold shares has fallen 12.1 per cent to R45.8bn ($16bn) in the year to June. By contrast, the market capitalisation of the industrial sector has risen 28.3 per cent to R224.9bn in the same period. At the end of June, golds accounted for only 9.8 per cent of the total market capitalisation, down from 12.6 per cent one year earlier, while industrials made up 47.9 per cent, up from 42.3 per cent.

The strength of industrial shares is a case of the market discounting the next economic recovery, boosted by the country's gradual return into the international fold, rather than a reflection of current business sentiment. According to Mr Karel de Ridder, of Southern Life, the life insurance company: "Business confidence is neutral at best. The market is not telling us anything about what is going on out there in the economy."

The message in the real economy is mixed. The country has been in recession for more than two years, with fixed-investment companies and small businesses the hardest hit. Although there is evidence that the recession has bottomed out, consumer price inflation remains stubbornly high, at 15.8 per cent. A cut in interest rates, therefore, is likely to come later than anticipated and any business upswing, at least initially, will have to do without the benefit of falling interest rates.

Johannesburg



Source: Datastream

This leads Mr Graham Boyd, of stockbrokers Simpson McKie, to speculate that the market may be taking the cynical view that, if the economy fails to revive of its own accord, the government will have to get it going. Evidence to support this thesis comes in the form of a sustained rise in real government expenditure this year, with further spending likely to exert upward pressure on inflation.

Over the past decade, equities have been the best hedge against inflation in South Africa, compared with property or fixed-income investments. So support for share prices is conceivable, even at the current demanding levels. Mr Boyd says industrial shares are looking tired, but although they appear to be too expensive to buy, few investors are willing to sell. This is evident in the low turnover in market leaders.

Although industrials appear expensive, analysts believe that future earnings will validate current ratings, even if a prolonged monetary squeeze causes the economic upturn to be milder than originally anticipated.

There is no such optimism about gold shares; their low ratings reflect difficult times and little hope of an early recovery. Mr John Clemmow, of stockbrokers George Huysamer, says the gold price and gold shares reflect "a huge amount of disillusionment". A few months ago, brokers believed that gold shares were entering a bull phase, bolstered by reports that South African gold producers had unwound some of their forward positions, which should have supported the bullion price.

The rot set in when a recovery in the gold price petered out in June. The absence of money flowing into the precious metal during the Soviet coup was further evidence that gold is increasingly regarded as a commodity and not as a safe-haven investment during times of turmoil.

Mr Clemmow sees little fundamental value in South African gold shares, since the world gold supply is not declining in spite of talk to the contrary. Furthermore, there is little chance that the gold price will rise, in view of the significant gold bullion sales by central banks and the risk of a Soviet sell-off.

Australian bank rises to premium on first day

By Kevin Brown in Sydney

SHARES IN Commonwealth Bank of Australia closed at A$6.46 on the first day of trading on the Australian Stock Exchange yesterday, a premium of A$1.06 over last month's flotation price.

The exchange said more than 10.6m Commonwealth shares had been traded, pushing total market volume to more than 95m shares – one of the busiest days since the global stock markets crash in October 1987.

Brokers said the excitement of the Commonwealth listing, combined with better than expected unemployment figures for August, triggered hectic buying of other stocks.

Mr Ian McKenzie, a director of Day Cutten Pring Dean, said: "It was fantastic. It had a tremendous effect on the market." The All Ordinaries index closed 8.1 higher at 1,569.1 in turnover of A$258m (US$203m), up from A$168m.

Commonwealth shares opened at A$6.40, watched by dozens of small stockholders who had bought shares in the A$1.3bn flotation of just under 30 per cent of the bank.

Technically, the first trade was at A$6.90, but brokers said later that the deal had been specially set up for a small investor, who was willing to pay a premium to be the first on-market purchaser of Commonwealth shares.

Mr Don Sanders, Commonwealth managing director, said the listing heralded a new era in public banking, and forecast that most of the 200,000 small investors who own shares in the bank were "in for the long haul".

Commonwealth's flotation, Australia's biggest, followed its A$1.6bn takeover of the State Bank of Victoria. The state bank had incurred losses through its Tricontinental merchant banking subsidiary. The flotation was oversubscribed by A$600m.

Earlier this week, Commonwealth announced a fall of 45 per cent in net profits for the year to the end of June.

Elsewhere in the market yesterday, Coles Myer, the retailer, gained 20 cents to A$10.70 after reporting a rise in annual net profits.

ASIA PACIFIC

Arbitrage selling erodes early gain

Tokyo

SHARE PRICES ended slightly higher yesterday, as buying by foreigners absorbed arbitrage-related selling ahead of the settlement of September futures contracts, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed up 25.41 points at 22,530.20 after reaching a high of 22,722.55 and a low of 22,504.89. Sharp falls in short-term interest rates and a firmer yen prompted buying in the morning, but selling by arbitrageurs cut initial gains.

Volume expanded to 430m shares from 400m on buying by foreigners. Gains led losses by 494 to 470, with 176 issues unchanged. The Topix index of all first section stocks put on 0.22 to 1,748.58, and in London trading the ISE/Nikkei 50 index rose 11.38 to 1,331.43.

Price movements were volatile because of the arbitrage-related activity. Traders said the Nikkei average could drop by as much as 500 points today on arbitrage-linked trading, although they expected institutional investors to support share prices by picking up cheaper issues. The settlement price for September futures is determined by the opening prices of the 225 index component stocks.

Those that are forecast to be removed from the 225-share index are expected to fall sharply. Mr Masami Okuma of UBS Phillips & Drew said that up to six component stocks could be reshuffled next month.

Shipping issues were traded actively by foreigners, supported by expectations of a global recovery in the industry. Ishikawajima-Harima Industries rose Y5 to Y710 and Mitsui Engineering & Shipbuilding gained Y9 to Y609.

Speculative issues were popular from a short-term perspective. Clarion, a speculative favourite, surged Y200 to Y1,440 and Kurabo Industries Y46 to Y941.

The Tokyo Stock Exchange, which was concerned about the activity, later announced that it would tighten margin trading requirements for Clarion. Collateral on margin trading was raised from 30 per cent of the issue's market value to 50 per cent.

Plant engineers were firm on speculation that companies would begin plant exports to the Soviet Union following improvement in Japan-Soviet relations. Chiyoda rose Y90 to Y2,030 and Toyo Engineering added Y30 at Y1,370.

Fisheries also gained ground on the Soviet theme, after Soviet government officials indicated that they were ready to negotiate the return of the Kurile Islands, to the north of Japan. Nippon Suisan climbed Y39 to Y615.

In Osaka, the OSE average moved up 149.48 to 24,972.07 on volume of 53.4m shares, down from 80.2m.

Nippon Dentsukensetsu, the telephone installation company, advanced Y52 to Y888 on its earnings estimates. The company is expected to report a 5 per cent increase in pre-tax profits for the current year on new projects from Nippon Telegraph and Telephone.

Roundup

PACIFIC RIM markets were little changed yesterday.

MANILA recovered a small part of this week's sharp losses, the composite index rallying 6.74 to 902.02. Trading was volatile ahead of the Philippine Senate's vote on the US military bases on Monday. Turnover picked up to 162m pesos from 139m.

HONG KONG firmed in another day of light trading. The Hang Seng index rose 3.17 to 3,970.10 as turnover declined to HK$908m from HK$985m.

SEOUL fell on worries about tight liquidity. The composite index lost 7.40 to 683.31 as turnover shrank to Won184bn from Won387bn.

NEW ZEALAND slipped as the local dollar reached four-month highs. The NZSE-40 index receded 7.86 to 1,410.15 in turnover of NZ$19m, up from NZ$14m.

EUROPE

Some bourses encouraged by August inflation figures

THE EARLY rise on Wall Street yesterday, together with inflation figures from Sweden and Spain, breathed life into some bourses, *writes Our Markets Staff.*

PARIS enjoyed a spurt of activity, helped by Wall Street and Wednesday's comments on partial privatisation by French President François Mitterrand. One dealer said, however, that the market was still waiting for an interest rate cut.

The CAC 40 index rose 18.61 or 1 per cent to 1,861.17 in turnover of FFr2.5bn, up from FFr1.56bn. Among active blue chips, Peugeot gained FFr12 to FFr612, Lyonnaise des Eaux-Dumez added FFr7 to FFr552 and Alcatel-Alsthom rose FFr8 to FFr595.

CMB Packaging reached a day's high of FFr156 before closing FFr1.20 up at FFr152.20, after first-half results and the departure of the chairman.

Cerus rose another FFr2.40 to FFr133.40 in heavy volume of 343,150 shares on continued speculation that it will sell Banque Duménil Leblé, while Chargeurs jumped FFr47 or 5.4 per cent to FFr917 on rumours that BSkyB, in which it holds 15.9 per cent, will become profitable sooner than expected.

STOCKHOLM was boosted by better-than-expected August inflation data, which showed that the annual rate had fallen to 8.4 per cent from 9.3 per cent in July. The news sent domestic interest rates sharply lower.

The Affärsvärlden General index rose 8.9 to 1,094.4 in turnover of SKr453m after SKr356m. Incentive, which met domestic analysts recently, saw its free Bs rise SKr6 to SKr200.

MADRID was encouraged by a fall in the one-year Treasury bill yield and an inflation figure for August in line with expectations. The general index added 1.41 to 271.32 as turnover rose to about Pta10bn from Pta7bn.

Cepsa, the oil refiner, was requoted and rose Pta40 to Pta2,270, following Wednesday's suspension. Elf Aquitaine of France is offering Pta2,400 a share for a further 13.5 per cent of Cepsa, which would raise its stake to 34 per cent.

FRANKFURT heard Mr Jürgen Möllemann, the German Economics Minister, warn of the dangers of a price-wage spiral. However, there were slightly more signs of life as the DAX index closed 3.13 higher at 1,631.32, after a 1.05 fall to 674.59 in the FAZ at mid-session, and volume rose from DM3.5bn to DM4.2bn.

The momentum was not all positive. Siemens and its Nixdorf (SNI) offshoot dropped DM7.20 to DM654.80, and DM9.80 to DM230 respectively, on a report that SNI would show a DM1bn loss this year. However, according to Mr Ian Macleod, technology analyst at County NatWest, Siemens expects to maintain its forecast of slightly higher profits for the year ending this month.

Elsewhere, retailers were mostly higher, inspired by Kaufhof, which put on another DM8 to DM951.50 as estimates circulated of a profits rise of between 50 and 70 per cent this year. In construction, Hochtief and Holzmann fell DM40 to DM1,275, and DM34 to DM1,295, on Monday's survey by Ifo, the economic research institute, which said that industry output growth would slow to 1 per cent next year and that the order backlog would decline.

MILAN weakened further as investors abandoned their monthly options ahead of next week's close of the September trading account. There were fears that this month's settlement could be late as a result of the delay in August settlement. The Comit index fell 1.21 to 540.91 in turnover estimated at near Wednesday's L80bn.

Banking and insurance shares fell, with Credito Italiano down 2.7 per cent or L70 at L2,555 and Banca Commerciale Italiana off L35 at L4,695.

The cement sector saw a late recovery. Cementir, which is due to be privatised in full, closed down L2 at L2,595 but then rose to L2,705 after hours.

AMSTERDAM closed slightly higher, encouraged by a higher opening on Wall Street. The CBS tendency index gained 0.1 to 92.2. Elsevier, the publisher, rose Fl 1.80 to Fl 87.40 on foreign demand, but Royal Dutch fell Fl 1 to Fl 156.30 in spite of announcing a rise in its first-half 1991 dividend.

OSLO was supported by the shipping sector. The all-share index rose 2.89 to 505.85 in turnover of NKr250m.

Norsk Data A shares added NKr0.5 to NKr9.5. The computer company reported a first-half loss and 500 job cuts.

VIENNA fell for the third consecutive day in quiet trading. The ATX index lost 12.62 or 1.1 per cent to 1,112.45.

FT-SE Eurotrack 100 - Sep 12

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1110.85	1111.42	1111.48	1111.73	1112.17	1113.68	1119.41	1117.77

Day's High 1119.86 Day's Low 1110.66

Sep 11	Sep 10	Sep 9	Sep 6	Sep 5
1111.14	1112.84	1116.88	1124.68	1126.92

Base value 1000 (26/10/90).

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 11 1991								TUESDAY SEPTEMBER 10 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	149.76	+0.6	128.70	127.72	132.15	125.97	+0.3	4.81	148.92	127.62	126.89	131.20	125.60	151.58	112.74	146.59
Austria (20)	184.01	−1.4	158.11	156.92	162.35	162.55	−1.3	1.74	186.60	159.91	159.00	164.39	164.62	222.37	154.82	221.69
Belgium (47)	130.37	−0.2	112.02	111.17	115.02	112.37	−0.4	5.27	130.67	111.98	111.34	115.11	112.79	151.20	118.04	140.19
Canada (114)	136.75	−0.4	117.50	116.61	120.65	112.69	−0.6	3.36	137.34	117.70	117.02	120.98	113.37	142.27	126.49	129.88
Denmark (37)	254.44	−0.1	218.62	216.97	224.49	226.50	−0.2	1.56	254.66	218.24	217.00	224.35	226.87	270.58	217.74	257.24
Finland (16)	95.41	−1.9	81.98	81.37	84.18	82.79	−1.8	2.91	97.30	83.38	82.91	85.72	84.30	125.15	89.53	117.85
France (109)	139.43	−0.1	119.80	118.88	123.00	126.25	+0.1	3.52	139.60	119.64	118.95	122.97	126.13	152.26	119.11	136.82
Germany (65)	110.19	+0.2	94.68	93.97	97.21	97.21	+0.3	2.31	110.00	94.27	93.74	96.91	96.91	125.35	94.15	120.34
Hong Kong (55)	165.31	+0.1	142.04	140.96	145.85	164.44	+0.1	4.29	165.11	141.50	140.69	145.46	164.22	169.98	119.62	127.20
Ireland (16)	160.65	+0.0	138.03	136.99	141.73	143.63	−0.1	3.48	160.59	137.62	136.84	141.47	143.81	182.46	132.88	144.69
Italy (77)	71.81	−0.8	61.70	61.23	63.35	68.07	−0.7	3.44	72.37	62.02	61.67	63.76	68.55	88.23	64.76	88.49
Japan (474)	127.83	+0.0	109.83	109.00	112.79	109.00	+0.1	0.77	127.84	109.56	108.93	112.64	108.93	146.97	118.23	132.88
Malaysia (68)	204.48	−0.8	175.70	174.36	180.40	217.28	−0.7	2.80	206.21	176.72	175.71	181.66	218.72	247.78	189.18	218.57
Mexico (16)	1199.49	−1.1	1030.63	1022.84	1058.27	3997.99	−1.1	1.33	1213.08	1039.60	1033.66	1068.69	4043.29	1226.13	534.45	516.45
Netherland (31)	141.20	−0.3	121.32	120.40	124.58	123.25	−0.1	4.35	141.58	121.33	120.64	124.73	123.32	145.73	125.70	138.55
New Zealand (14)	46.93	−0.4	40.32	40.02	41.40	42.80	−0.4	7.12	47.12	40.38	40.15	41.51	42.98	54.64	41.18	61.39
Norway (31)	200.96	+0.4	172.67	171.37	177.31	180.98	+0.4	1.56	200.20	171.57	170.59	176.38	180.30	223.24	178.58	268.95
Singapore (38)	197.85	−0.4	170.00	168.72	174.56	155.23	−0.4	2.29	198.67	170.26	169.29	175.02	155.87	208.25	151.63	170.43
South Africa (61)	244.92	−1.2	210.44	208.84	216.08	170.76	−1.2	3.20	247.91	212.45	211.24	218.39	172.85	258.85	173.00	173.13
Spain (53)	152.47	−0.3	131.00	130.02	134.52	122.84	−0.2	4.37	152.99	131.11	130.36	134.77	123.03	171.12	131.51	145.07
Sweden (25)	196.67	+1.0	168.98	167.71	173.52	179.71	+1.1	2.47	194.77	166.91	165.96	171.59	177.76	204.12	146.60	196.21
Switzerland (58)	94.64	+0.3	81.31	80.70	83.50	87.18	+0.7	2.21	94.36	80.86	80.41	83.14	86.58	100.67	82.17	94.66
United Kingdom (240)	182.12	−0.4	156.48	155.28	160.66	156.48	−0.1	4.70	182.85	156.70	155.79	161.07	156.70	187.44	156.27	159.80
USA (527)	156.26	+0.1	134.26	133.25	137.87	156.26	+0.1	3.10	156.02	133.71	132.95	137.46	156.02	161.02	125.95	130.02
Europe (827)	141.97	−0.2	121.99	121.07	125.26	124.19	+0.0	3.85	142.30	121.95	121.25	125.37	124.21	151.52	125.50	137.77
Nordic (109)	189.42	+0.3	162.75	161.52	167.12	164.27	+0.4	1.97	188.76	161.76	160.84	166.29	163.67	200.81	155.55	199.32
Pacific Basin (718)	129.34	+0.0	111.13	110.29	114.11	110.85	+0.1	1.13	129.33	110.84	110.21	113.94	110.78	145.92	117.86	133.03
Euro - Pacific (1545)	134.68	−0.1	115.72	114.83	118.81	116.90	+0.0	2.26	134.80	115.52	114.85	118.75	116.66	147.66	121.29	135.32
North America (641)	154.96	+0.1	133.16	132.17	136.75	153.31	+0.1	3.12	154.79	132.65	131.91	136.39	153.14	159.68	125.91	129.82
Europe Ex. UK (587)	118.30	−0.1	101.65	100.90	104.40	105.71	+0.1	3.18	118.41	101.48	100.92	104.34	105.63	129.80	103.58	123.66
Pacific Ex. Japan (244)	144.30	+0.1	123.99	123.07	127.33	127.45	+0.0	4.29	144.12	123.51	122.82	126.98	127.40	147.60	111.40	134.09
World Ex. US (1736)	136.55	−0.1	117.33	116.45	120.48	118.27	+0.0	2.31	136.74	117.18	116.52	120.46	118.30	148.16	122.32	135.73
World Ex. UK (2023)	138.39	+0.0	118.91	118.01	122.11	127.52	+0.1	2.35	138.36	118.58	117.91	121.91	127.44	145.77	120.06	130.06
World Ex. So. Af. (2202)	141.50	+0.0	121.58	120.67	124.85	129.88	+0.1	2.60	141.52	121.28	120.60	124.68	129.81	148.66	122.92	132.44
World Ex. Japan (1789)	151.13	+0.0	129.86	128.89	133.36	141.94	+0.0	3.43	151.19	129.57	128.84	133.21	141.90	152.83	126.69	133.91
The World Index (2263)	142.18	+0.0	122.16	121.24	125.45	130.23	+0.0	2.61	142.22	121.88	121.19	125.30	130.18	149.01	123.28	132.69

Constituent change with effect 13/9/91: Addition: Commonwealth Bank of Australia (Australia). Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Refreshingly unfashionable slant on what it takes to rise to the executive heights

Real-life management 'a system of power'

HAVE you heard of the two men who first met as trainee naval officers? Before leaving college for their careers in the service, they made a solemn pact that whenever either heard the other's name raised in conversation, he'd butt in with: "Did I hear you mention So-and-so? He's a marvellous chap, absolutely first-class."

Both ended up as Admirals.

I owe that career-parable to serendipity. There I was at a bus stop, beside which was a junk shop, outside which was a tray of books all priced at 50p. The only one still in its paper cover was called The Boss, and I bought it on impulse as the bus approached.

Several days passed before I began reading and discovered my luck. For instance, one of the two authors turned out to be Britain's foremost student of what managers *do* in reality – as distinct from what egg-head theory ordains they *should* do – Rosemary Stewart, now of Templeton College, Oxford. The second author is one of the doyens of British journalism, Roy Lewis who tells me he got the naval story from his late brother, an RN captain.

Another happy surprise was that, although the book was published a third of a century ago, in 1958, its observations seem remarkably up-to-date. Apart from antique pay and tax figures, its only jarring sign of age is failure to admit that managers can be female, referring to them throughout as "business men".

But it compensates by being unfashionably frank about what's needed to get on in management, especially in big outfits. Indeed it is so frank that, were I writing for anyone less life-hardened than Jobs column readers, I wouldn't have the heart to pass the message on.

The tale I began with is but one of many warnings that the qualities recruiters babble about – technical merit, devotion to the actual work, integrity and the like – are no guarantee of high promotion. More probably, they are a handicap.

For the authors stress that the managers discussed by economists and the like are mere theoretical dreams. Real-world management "is not a purely competitive game in which business men only keep on top by making larger profits or smaller losses than other business men. It is a system of power, a hierarchy of positions" in which top executives' ambitions may well clash with the best interests of the companies they run.

The typical boss's prime motive is a mission "to mould other men into a pattern of his own", we're told. "In fact, one of the major outlets for business ability is not building a business but capturing command of a business which has already been built, and which, by its size and momentum and its firm grip on its own specialities, may be virtually indestructible in one autocrat's lifetime."

What is more, medical evidence suggests that "among those in senior positions in an organization, the tendency to hold on to power as such is apt to increase as real capacity diminishes."

Meanwhile, "it is almost always to their advantage to keep their mouths shut" about how the power was won. One reason is that there will typically have been times when the executive has had "to repeat to himself Cromwell's words 'regrettable necessity' as he sacrifices friends, betrays confidences, turns the screws with threats, unmasks unexpected batteries of blackmail, enters into pacts with enemies, even men he despises and regards as wholly disastrous to the company."

Which is surely enough to convey the book's broad view of how people get on in management.

The trouble is that, not being a top executive myself, I can't say whether the analysis is right. But at least it makes a refreshing change from the standard careers and recruitment literature.

NOW to the table alongside which is drawn from Day Associates' latest quarterly survey of pay and perks in nearly 80 banks in the City of London. Anyone wanting the full report, which covers 204 jobs, should contact Joe Clark at Suite 2.31, 75 Whitechapel Rd, London E1 1DU; tel 071-375 1397, fax 071-375 1723. The price to concerns taking part in the study is £110, and to non-participants £175, in each case plus VAT.

My table is limited to 15 fairly senior jobs. First come base salaries – the lower quartile referring to the person a quarter way up from the foot of a ranking of all in the same type of work, the median to the person mid-way, and the upper quartile the one a quarter way down from the top. Next we have the average salary followed by the percentage of it typically received as an additional bonus. Then come the percentage of the job-holders whose perks include a company car, and its average price.

Mr Clark says that, while "snap-shot" figures for specific jobs fail to show it, pay levels in City banking are coming down in the sense that overall increases are running at a rate lower than inflation.

That does not mean real-value cuts are being made in the base salaries of staff who have survived the recession, although reduced bonuses have left a fair number worse off as a whole. What is happening is that, when essential jobs are left vacant by departures or promotions, the replacements are being brought in at lower pay – the Parable of the Vineyard.

Michael Dixon

SALARIES, BONUSES AND COMPANY CARS IN CITY OF LONDON FINANCE SECTOR

Position	*Lower quartile* £	*Median salary* £	*Upper quartile* £	*Average salary* £	*Avge bonus* %	*Coy car* %	*Avge price of car* £
Capital markets head	96,000	122,701	185,000	120,150	48.7	100	21,750
Bond sales head	100,000	105,900	127,950	117,400	32.8	100	17,125
Corporate finance head	95,000	115,000	120,750	106,150	21.2	100	20,088
Eurobond trading head	80,000	100,000	105,750	100,625	14.3	100	19,150
Equity trading head	75,000	91,500	135,000	92,517	17.1	100	18,600
Head of research	70,000	88,900	120,000	90,003	12.3	100	17,750
Cptl mkts swaps head	69,550	88,775	100,000	87,326	51.7	100	17,900
Fund management director	62,500	82,360	105,700	84,912	19.5	100	19,500
Financial director	66,000	72,613	82,250	72,588	10.4	100	21,500
Chief fx dealer	64,750	71,000	80,210	72,313	41.2	95	18,881
Legal services head	48,000	62,040	76,540	67,026	10.7	100	17,875
Personnel director	57,750	63,500	80,000	61,752	14.3	100	19,250
D-P director	50,125	57,750	65,000	58,386	9.5	100	19,375
Chief sterling dealer	42,501	47,613	55,250	48,752	17.7	95	16,927
Credit manager	37,000	39,500	44,000	41,957	6.2	95	15,285

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The Senior Operations and Administration Manager will be a key member of the London management team, with responsibility for all back office functions, systems and administration, and will play a full role in the future development of the business. The candidate we seek must have an excellent track record in back office operations and relevant management experience in all these areas together with a good understanding of capital markets, treasury and money market transactions.

This is a participative, demanding role and requires the ability to motivate and develop staff. Strong interpersonal skills, maturity and a long term commitment are essential to this appointment. A working knowledge of French is also desirable.

Interested applicants should send a full Curriculum Vitae quoting reference 902 to **Diane Forrester ACA, Executive Selection Division, Michael Page Finance,**
Page House,
39-41 Parker Street,
London WC2B 5LH.

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Please send full career details to
Sally Mew, Personnel Manager
Union Bank of Switzerland
100 Liverpool Street
London EC2M 2RH

Union Bank of Switzerland

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DIRECTORATE OF PUBLIC SERVICE MANAGEMENT
VACANCY CIRCULAR NO. 30 OF 1991
VACANCY: PRINCIPAL ROAD SAFETY OFFICER

Directorate of Public Service Management invites applications for the above post in the Civil Service of Botswana - Ministry of works, transport and Communications.

JOB SUMMARY

Coordinates Road Safety activities to ensure an efficient administration of the National Road safety Programme.

SALARY: D3 - P34560 - P38292 per annum

ALLOWANCES:

Car allowance at the rate of 15% of the basic salary.

Contract addition - 12% of the basic salary.

Optional Contributory Medical Aid Scheme - 25% of gratuity paid at the end of the contract (Government pays 30% and employee 50%).

LEAVE: 30 working days per annum

QUALIFICATIONS:

Degree in Traffic Engineering plus eight years post graduate experience three of which must be either in Managerial or Planning position. Teaching Certificate will be an advantage.

OR

Degree in Education plus eight years post graduate experience three of which must be either in managerial or planning post. International course or Traffic Safety Management would be an advantage.

APPLICATIONS:

Interested persons should submit their Curriculum Vitae to:

BOTSWANA HIGH COMMISSION
6 STARTFORD PLACE
LONDON W1N GAE
UNITED KINGDOM

CLOSING DATE: 4 OCTOBER 1991

DIRECTORATE OF PUBLIC SERIVCE MANAGEMENT
VACANCY CIRCULAR NO. 34 1991

VACANCIES: QUANTITY SURVEYORS (2 POSTS)

The Directorate of Public Service Management invites applications for the above post in the Civil Service of the Republic of Botswana - Ministry of Works, Transport and Communications.

JOB SUMMARY:

Undertakes a range of duties related to the measurements preparation of contract documents and financial control of Building projects.

SALARY: C2 - P20220 - P24336 per annum

ALLOWANCE: Contract addition at the rate of 20% the basic salary.

Optional contributory Medical Aid Scheme (Government pays 50% and employee 50%)

Gratuity payable at end of the contract at the rate of 25% of the aggregate salary.

QUALIFICATIONS: Degree in Quantity Surveying plus two years post qualification experience and cooperate memebership of Professional Body.

APPLICATIONS: Interested persons should submit their Curriculum Vitae to:

BOTSWANA HIGH COMMISSION - LONDON
6 STARTFORD PLACE
LONDON W1N 9AE

CLOSING DATE: 4th October 1991

REPUBLIC OF BOTSWANA
DIRECTORATE OF PUBLIC SERVICES MANAGEMENT
VACANCY CIRCULAR NO. 31 OF 1991

REF: L478/91 — DATE: 12th June, 1991

VACANCIES: STRUCTURAL ENGINEER (2 POSTS)

Directorate of Public Service Management invites applications for the above post in the Civil Service of the Republic of Botswans - Ministry of Works, Transport and Communications.

JOB SUMMARY:

Provides professional advice, guidance and supervision on all matters related to design and contraction of Civil/Structural Engineering Works and all Government Building Projects.

SALARY: C2 - P20,220 - P24,336 per annum

ALLOWANCE: Contract addition at the rate of 20% the basic

- Optional contributory Medical Aid Scheme (Government pays 50% and employee 50%)

- 25% gratuity payable at the end of the contract.

LEAVE: 30 working days per annum.

QUALIFICATIONS:

Bachelor degree in Civil/Structural Engineering plus eight years post qualification experience and masters degree and/or membership of any recognised professional institution.

APPLICATIONS:

Interested persons should submit their Curriculum Vitae to:

BOTSWANA HIGH COMMISSION - LONDON
6 STARTFORD PLACE
LONDON W1N 9AE

CLOSING DATE: 4th October 1991

REPUBLIC OF BOTSWANA
DIRECTORATE OF PUBLIC SERIVCE MANAGEMENT
VACANCY CIRCULAR NO. 34 1991

REF: L1900/8/ — DATE: 12th June, 1991

VACANCY: SENIOR QUANTITY SURVEYOR

Directorate of Public Service Management invites applications from suitably qualified persons for the above post in the Civil Service of the Republic of Botswana - Ministry of Works, Transport and Communications.

JOB SUMMARY:

Undertakes a range of duties related to the measurements preparation of contract documents and financial control of Building projects.

SALARY: D4 - P30552 - P33168 per annum.

ALLOWANCE: Car allowance at the rate of 15% of the basic salary.

Optional contributory Medical Aid Scheme (Government pays 50% and employee 50%)

Contract addition at the rate of 20% the basic salary.

QUALIFICATIONS: Degree in Quantity Surveying plus eight years post qualification and membership of a recognized professional institution and/or Masters degree/Diploma.

APPLICATIONS: Interested persons should submit their Curriculum Vitae to:

BOTSWANA HIGH COMMISSION - LONDON
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CLOSING DATE: 4th October 1991

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Applicants should respond to Ian Carlton, Director, Personnel, County NatWest Limited, 135 Bishopsgate, London EC2M 3UR.

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The total rewards package includes a highly competitive salary, performance related bonus and an attractive range of benefits.

Please send your CV/career history to: Paul Hopper, The Response Bureau, 30 Farringdon Street, London EC4A 4EA. *Please quote Ref: S0701/2* on your envelope.

Please indicate, in a covering letter, any companies you would prefer your application not to be forwarded to.

Barkers LBW

Futures

Desk Manager **£30-£60,000 Plus Benefits**

The Financial Futures Broking Desk within a major International Securities House has a requirement for a high calibre Manager. The successful candidate aged in his/her late twenties to mid thirties must have a minimum of five years experience of broking Financial Futures for an Institutional client base. A good technical knowledge of London, Paris and Chicago Fixed Income contracts is essential, as is previous man-management experience. Candidates of graduate calibre should be capable of effectively handling the existing client base and making a contribution to new business development.

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On behalf of a Spanish Merchant Bank we are seeking a young Futures Trader, aged 25-30, with a proven track record to join the Madrid Head Office. Candidates should be highly desciplined technical traders able to trade principally in LIFFE and MATIF products on a proprietory basis. Candidates must have good communication skills and also be able to educate and advise the Bank's Corporate clients on the uses and applications of Futures and Options for trading and hedging purposes. For this reason fluency in Spanish is preferable but not absolutely essential.

Financial Futures Desk Broker **Sal c.£40,000 Banking Bens + Car**

A major International Bank with an active presence on LIFFE wishes to recruit an additional broker for its Sales/Broking Desk. The Bank is active in a range of derivative products and seeks a Broker with good technical and sales skills, capable of developing new and existing business. Candidates with less than three years experience on an active Financial Futures Desk are unlikely to have the skills or experience to fulfill this role. Fluency in the French, or German language is desirable but not essential.

Junior Desk Broker **£20,000 + Banking Benefits**

Our client, a well established and respected European Institution, requires a highly motivated individual to join their newly created Order Desk. The successful candidate must be of graduate calibre with approximately twelve months experience in broking Financial Futures and fluent in French and/or German

EXCHANGE *appointments*

For further information please contact Trish Collins or Barbara Mackney on 071-929 2383.

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He/She will be able to use own initiative and also work effectively in a team. Knowledge of German is desirable.

Remuneration will be commensurate with the level of experience. Applications with full details of career history to date should be forwarded to:

The Personnel Officer
Hessische Landesbank - Girozentrale -
London Branch
8 Moorgate
London EC2R 6DD

All applications will be *treated in strictest confidence.*

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Please write to:
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Director of Administration & Personnel
Euromoney Publications Plc
Nestor House, Playhouse Yard, London EC4V 5EX

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A Saudi Arabian Commerical Bank seeks to appoint a Senior Branch inspector to be based at its Saudi headquarters. Extensive travel throughout the Kingdom will be required. Experience of a broad range of international banking activities is necessary.

To qualify for this challenging opportunity, you must have a professional qualification and at least 10 years relevant experience.

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This Commercial Bank also seeks applications from candidates aged 26 to 38 years with broad experience of branch banking, including lending, foreign exchange and trade finance at a branch level.

The successful applicants will be posted to the Bank's major branches in the Saudi Arabia and will be required to handle both expatriate clients of those branches and the more challenging domestic business in conjunction with existing local management.

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The remuneration for both the above posts will be generous, based upon the normal expatriate package associated with a 2 year renewable contract, including relocation expenses, staff housing and tickets for regular home leave.

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Sought by small, London based financial boutique. Position would suit part or newly qualified accountant with strong communications skills.

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They require an Assistant Company Secretary with the experience and commercial awareness to enable them to take responsibility for a major part of the secretarial requirements of the Group companies, control of company insurances and the management of all building services for their offices.

The ideal candidate will hold a recognised qualification from the Institute of Chartered Secretaries and Administrators, be aged 28/35 years, with a minimum of two years professional experience preferably within leasing or banking.

To achieve the desired level of performance you must be an effective communicator and have excellent organisational and management skills. This new and challenging role presents an opportunity for someone with potential for future development.

If you wish to apply, please write giving full details to David Hoddy, (Ref. DH/223), Resource Maximisation Southern Limited, Executive Search and Selection, 16 Prebendal Court, Oxford Road, Aylesbury, Bucks, HP19 3EY.
Tel: (0296) 393313, Fax: (0296) 395504.

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CROSSBORDER LEASING
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An established, respected, bank-backed leasing operation seeks to recruit an asset finance professional with an impressive record of success in both the German domestic and crossborder markets. Applicants, aged 28 to 35, will exhibit technical creativity, combined with strong negotiating skills and a knowledge of other tax related financial products. Working within a small team, the appointee will originate, structure and close transactions, sourcing equity and debt participators where appropriate. Fluent English and German are essential. The position offers a competitive basic salary, an attractive performance related bonus scheme and full banking benefits.

Please contact Peter Haynes

Jonathan Wren & Co. Ltd.,
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No. 1 New Street, London EC2M 4TP
Tel No. 071-623 1266 Fax No. 071-626 5258

JONATHAN WREN LEASING

Currency Options **to £40,000**
On behalf of a well regarded European Bank we currently seek a currency options dealer to compliment their existing desk. Ideal candidates aged 24-30 will possess a minimum of eighteen months experience managing a major currency option book together with a profitable trading record

Spot EMS Dealer **to £60,000**
As a result of expansion this first class International Bank currently seek an individual to establish a spot EMS desk. In addition to possessing the necessary trading expertise in this area the incumbent will also require the necessary leadership qualities in order to fulfil this demanding role.

Corporate Dealer **to £40,000**
AAA rated European Bank currently has an opening for an additional corporate dealer. The incumbent is likely to be aged 25-30 and will be required to further develop foreign exchange, treasury and off balance sheet business with principally UK corporate customers. Subsequently a minimum of two years experience in this area is seen as a prerequisite.

Japanese Speaker **£neg**
An individual with fluency in Japanese is currently sought by our client, a first class banking company. The appointee will have responsibility for developing currency options business with Japanese Banks and servicing their subsequent requirements. Ideal candidates will possess either a trading or sales type background and have gained familiarity with currency options or related instruments.

Swaps Trader **£neg**
We currently seek to recruit a Currency Swaps and Interest Rate Swaps trader on behalf of two major International Banks. Prerequisites for both positions include a minimum of two years trading experience, strong analytical skills and the ability to work in a team environment.

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A senior trader aged 28-34 and with a minimum of five years experience spot trading is currently sought by this respected International Bank. The appointee will be effectively no 2 on the desk and subsequently will require a consistent trading record together with the necessary leadership qualities in order to deputise for the Chief Spot Trader.

For further details, please contact Steve Cartwright either by telephone or in writing

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Banking and Capital Markets

Barings wishes to recruit an executive with 2 or 3 years relevant experience for its Banking and Capital Markets department in London.

Candidates should be energetic, imaginative and able to communicate well. They will be aged 23-26, university graduates and possess a high degree of numeracy.

Salary will be negotiable according to experience and the package includes a performance related bonus and other benefits, including mortgage subsidy, commensurate with a leading merchant bank.

Applicants should write, enclosing a curriculum vitae and details of current remuneration package, to:
Sheila Milbank, Personnel Manager,
Baring Brothers & Co., Limited,
8 Bishopsgate, London EC2N 4AE.

THE UNIVERSITY OF AUCKLAND
New Zealand
SENIOR LECTURESHIP/LECTURESHIP IN PROPERTY INVESTMENT
Department of Property
School of Architecture, Property & Planning
(Vacancy UAC.85)

Applications are invited from suitably qualified and experienced candidates for appointment as Lecturer/Senior Lecturer in Property Investment. The Department of Property has an establishment of six full-time and nine part-time staff. It is concerned with all aspects of urban property management and is looking to strengthen its teaching and research in the area of property investment at both the national and international level.

Applicants should have relevant qualifications and experience in both teaching and research. They should have a good understanding of finance, investment and statistics and should have an interest in developing the application of modern investment theory to property. Applicants should hold or undertake to work toward a PhD degree.

The successful candidate will be expected to collaborate in developing undergraduate and postgraduate teaching programmes in property management. Specific duties will involve the integration of computer applications to property investment and finance and to engage in and stimulate research.

Commencing salary will be established within the ranges: Senior Lecturer NZ$52,000 - NZ$60,944 pa; Lecturer NZ$37,440 - NZ$49,088 pa.

Conditions of Appointment and Method of Application are available from Appointments (39785), Association of Commonwealth Universities, 36 Gordon Square, London WC1H 0PF; or from the Assistant Registrar (Academic Appointments), University of Auckland, Private Bag, Auckland, New Zealand, to whom applications should be forwarded by 20 November 1991.

Please quote vacancy number UAC.85 in all correspondence

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The position requires substantial travel; Wormald has operating companies in 14 European countries.

Interested: Write with resumé to Wormald Europe sa, Attn: Viviane Vanovermeire, 63 rue de Stalle, B-1180 Brussels, Belgium.

INVESTMENT BANKER

Bank of Wales, a wholly owned subsidiary of Bank of Scotland, requires an experienced Investment Banker to work in the Bank's expanding Corporate Finance Division, based in the centre of Cardiff.

Reporting to an Executive Director, the successful candidate will be responsible for all aspects of placing equity investments in private unquoted companies. The role will also include responsibility for monitoring and controlling the Bank's investment portfolio, for helping to develop and market the Bank's mezzanine and junior debt facilities, assisting with the marketing and management of the Division's syndicated loans business, as well as providing some managerial support at operational level.

Applicants, ideally in their thirties, will possess good financial and analytical skills; a working legal knowledge; the ability to use a computer spreadsheet; and good interpersonal skills. Knowledge of the local business environment would be useful, but is not essential. The successful applicant will probably have a degree, or equivalent qualification, and be able to demonstrate a successful track record as a "self starter".

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Applicants should be in their mid-twenties, have a good degree, at least two years' work experience, and preferably a technical background. The successful candidate will be able to think creatively, analyse objectively and communicate effectively. A high degree of literacy and numeracy, plus familiarity with spreadsheets and word processing software, is essential. A working knowledge of accounting and project analysis techniques would be useful.

RTZ LIMITED RTZ GROUP

Please send a curriculum vitae and details of current salary to: Ann Bassett, Staff Manager, RTZ Limited, 6 St James's Square, London SW1Y 4LD or telephone 071 753 2289 (direct line) for further information.

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Sara Greve, Personnel Officer,
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Please telephone André Rosario, MANAGER, on: 071 860 1111 or alternatively, write to him at:

KBW CAPITAL MARKETS LIMITED,
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183 MARSH WALL,
LONDON. E14 9SH.

THE HOUSE OF COMMONS
REQUIRES
TWO SELECT COMMITTEE SPECIALIST ASSISTANTS

The Treasury and Civil Service Committee requires two Specialist Assistants to cover economic questions. The Committee regularly examines Government economic policy, public expenditure and international monetary arrangements and candidates should be well versed in at least one of these fields. The duties will include giving specialist assistance to the Clerk of the Committee and undertaking research into specific questions. Applications are invited from candidates with a good degree or an equivalent professional qualification in a relevant subject together with several years' relevant practical experience. An interest in public administration and experience in the use of a micro-computer would be an advantage.

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For further details please contact:

Personnel Office
House of Commons
London SW1A OAA

Tel (071) 219 5544 (24 hour answering service)
quoting ref 2A/85/FT

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Norwich	0603-620054	Dublin	956 899	Hong Kong	
		Taunton	0823-336480	Perth	0738 441327

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Paris

Our Client, a well-established European bank represented in the major financial centres, seeks to appoint a senior foreign exchange trader to assume control of all day-to-day dealing activity in its small yet professional Paris office.

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Technimetrics Inc.
13 Knightsbridge Green, London SW1X 7QL

WHOLESALE BANK LOAN SPECIALIST

A high focused corporate finance boutique, institutionally backed, seeks a specialist to maintain a wide range of bank contacts and to structure, market and place certain types of private placements, bilaterial credits and asset packages. The candidate will be 28-45 and probably will be working at a middle/senior level in corporate banking or syndicated credits in a UK or foreign bank, or in the treasury unit of a life company, building society or money broker. He/she may also have an investment banking/capital markets background. Current working relationships with a wide range of banks is a prerequisite. Experience in asset backed finance, securitisation or residential/commercial mortgages would be useful.

Interested candidates should send a comprehensive CV listing achievements to Box A1624, Financial Times, One Southwark Bridge, London SE1 9HL

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ACCOUNTANCY COLUMN

Takeover bid advisers fear disclosure of fees

By **Norma Cohen**, Investments Correspondent

SHOULD shareholders have the right to know how much their company spent on their behalf to ward off a hostile takeover or to launch a bid for another company? And should that information be disclosed in regular company accounts or in filings before the takeover panel when the bid is launched?

The Bank of England has found itself the somewhat unlikely agitator in a controversy that has lined up many of the nation's biggest institutional shareholders on its side, and risked antagonising its natural constituents, the merchant banks.

The Bank has been circulating a paper to the Takeover Panel and to the accounting bodies suggesting that companies should make public the sums they pay their financial advisers in merger and acquisition activity.

At the heart of the Bank's thinking is the nagging concern that if shareholders knew what a company was paying for advice, it would affect perceptions of the wisdom of the bid. While all investment banks are obliged to give the best possible advice to clients, it might be argued that the thought of hefty advisory fees might lead them to support an uneconomic bid. Furthermore, the Bank believes, even if shareholders ignore the information, there is simply no justification for failing to inform them.

The Bank's actions were prompted by the £1.1bn acquisition of Globe Investment Trust last year by the National Coal Board's pension fund manager, CIN Management. In that bid, Globe apparently struck a deal with its main advisers, Baring Brothers, that ultimately required CIN to pay Baring about £4m once the acrimonious takeover was completed. Globe had structured the deal so that the fee was contingent not upon repelling the bid but upon receiving a better offer from CIN.

David Tweedie: "Our first question is who wants the information?"

CIN is said to have gone before the takeover panel and argued that the terms of that arrangement should have been disclosed because it constituted a contingent liability – an argument which the panel rejected.

Separately, the Takeover Panel also considered, but rejected, a Bank of England paper urging that fees be disclosed routinely in takeovers. The panel decided that the takeover code could only cover matters occurring during the takeover. For one thing, fees are often dependent on the outcome of a takeover and are not easily quantifiable until the deal is either completed or abandoned.

However, the proposals may get a better hearing at the Accounting Standards Board, where they are among many new disclosure requirements currently under consideration.

Professor David Tweedie, chairman of the ASB, said that in making any decision on the matter the ASB must first consider "materiality". "Our first question is who wants the information." In order to meet the criteria, the sums must not only be significant, but also make a difference to those using the information. The board must consider whether shareholders could have reached a different conclusion about the rationality of a bid knowing what a company paid its advisers. If the information was merely interesting, the matter could not be said to be material.

On the other hand, if the information was material while a bid was underway, what was the point of only disclosing it in interim or year-end accounts? By that time the fate of the bid may well have been decided and it would be too late for shareholders to consider the matter of fees.

For the investment banking industry the disclosure of fees is a highly sensitive matter. Mr David Smith, managing director at SG Warburg and chairman of the corporate finance committee of the British Merchant Bankers' Association, said the group would probably not oppose the disclosure of aggregate fees in a takeover – meaning a statement giving the lump sum paid to all advisers including accountants, lawyers, public relations consultants as well as investment banks.

But disclosing the terms of advisory fees in the middle of a hostile bid was quite another matter. "Disclosure of the fee basis could give an advantage to the other side in a hostile takeover," he argued. Merchant banks could point to the weak takeover disclosure requirements of their continental competitors to support this.

Investment bankers have little desire to see their fees splashed across the pages of the nation's financial press. They argue that the sums paid are insignificant relative to the size of bids and that shareholders already have too much information to digest during the course of a bid.

Corporations, meanwhile, have a different perspective. Mr Hugh Collum, finance director at SmithKline Beecham and chairman of the 100 Group of Finance Directors, notes that in the US, fees are always disclosed in the course of a bid. The merger of US-based SmithKline Beckman with Beecham in 1989 did not suffer at all from disclosure of investment bankers fees. Disclosure considerations, he argues, could well apply to all fees in a merger. "When they have knock-on effects in the transaction, you could argue that they should be disclosed."

Meanwhile, Mr Collum noted that disclosure of US investment banking fees had neither inhibited merger activity there nor moderated the fee structure. Indeed, US advisory fees were often significantly above those in the UK.

ACCOUNTANCY APPOINTMENTS

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Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 43 Temple Row, Birmingham B2 5JT, quoting reference JE211.

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Through the successful management of a small team the individual will monitor monthly management operational statements and report to both Group and Divisional Senior Management on trends, including any significant variations related to the business plans. Communication with the Divisions and the Group operating units is essential and will be achieved through the development of good relationships with their financial executives.

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The individual will be responsible for developing the strategy approach and the co-ordination of the Internal Audit Function. Objectives will include planning and monitoring the audit programme and developing effective relationships with senior management. The role demands highly developed interpersonal skills as the Audit Manager will communicate at senior management level between the Group, Divisional and Operating units; identifying problem areas, recommending appropriate action and generating the commitment necessary for the recommendations to be implemented.

The successful candidate for each position will be a Qualified Accountant with a positive, persuasive personality, good management skills and proven commercial judgement. Experience gained within a manufacturing or engineering environment would be an added advantage.

Please call or write in full confidence to Ronnie Sull (Executives Search Division) inclosing a detailed resume.

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Our client is the UK member company of one of the major US insurance groups with revenues of US $4 billion and gross assets in excess of US $12 billion. Its product portfolio embraces global reinsurance programmes and insurance services for speciality-rated businesses.

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Responsible to the Executive Director (Finance), you will be tasked with maximising the performance of the UK operating companies through innovation, and the creative analysis of operating budgets and results against business plans. Specifically you will be responsible for the financial functions of Group consolidation, management reporting, statutory accounting, taxation and credit control.

A thorough knowledge of UK and US insurance accounting practice and procedures is necessary, together with a good understanding of the industry, and of its underwriting and claims functions.

Probably aged 30-40, you are proactive and professionally qualified, and can show evidence of an enviable success record gained in this industry sector, enabling you to effectively lead and motivate a sizeable staff resource.

Salary is negotiable to £55,000 plus a company car and a full range of financial sector benefits. In the longer term, there are clearly defined opportunities for further personal progression.

Our client is also looking for a young, ambitious, qualified **Accountant,** who would be responsible for management reporting, statutory accounting, taxation and financial systems in the Company's reinsurance operation. Salary indicator is circa £30,000 plus car.

If your credentials match our profiles, please write immediately to our Advising Consultant,
John L. Thompson (Ref 1476)
of Thompson Associates Limited,
at Compton House, Selsdon Road,
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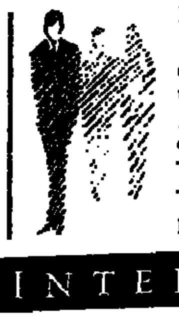
DIRECTORS

Maximise your potential in tomorrow's employment market



Demand more than well meaning Career Counselling or Outplacement advice.

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Our subsidiary InterMex works with over 2000 recruiters gaining access to 6000 unadvertised vacancies annually – mostly in the £40,000-£200,000 bracket.

InterMex makes recommendations for these vacancies – *without charge to candidates or recruiters.*

Telephone Keith Mitchell to arrange an exploratory meeting without obligation
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Landseer House 19 Charing Cross Road London WC2H 0ES Fax: 071-930 5048

INTEREXEC PLC – means much more

COST EFFECTIVE CAREER COUNSELLING

We offer in-depth counselling sessions, psychometric tests, assistance with C.V.s and job applications and access to the unadvertised market at a reasonable price.

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Debenco
Debenco Limited
2 The Courtyard, Smith Street,
London SW3 4EE

Regional Manager

Financial and Strategic Consulting — The West

This is an unusual opportunity to head up and develop our regional financial management and strategic management consultancy group. Although you may have returned to Industry or Commerce you will also have a successful record in financial, marketing or strategic consultancy including business development, team and project management.

KPMG Management Consulting is well known as one of the largest firms of Consultants and Accountants in the UK with highly skilled professionals recruited from senior positions from both the private and public sector. Based in Bristol, Cardiff and Exeter, our Regional practice has continued to grow through the recession with many leading national and local clients.

In addition to your accomplished track record you will have an accountancy qualification or an MBA. Strong technical, communication and sales skills will open up the substantial career and business opportunities in this role.

The remuneration package will be commensurate with your experience and contribution. To apply, please send details of your relevant experience with your CV and remuneration history to Chris Garcia, KPMG Management Consulting, Richmond Park House, 15 Pembroke Road, Clifton, Bristol BS8 3BG.

KPMG Management Consulting

Price Waterhouse
EXECUTIVE SELECTION

Finance Director

c £46k package plus bonus — Caterham, Surrey

One of the 57 first wave Trusts, the Lifecare Trust looks after mentally handicapped people throughout London and the South East, with a particular concentration in the Croydon-Caterham area. It is already Britain's largest body of its sort, and leads the field in moving people out of institutional care into small community homes. Whilst quality of care is central to its concerns, the Trust is also a substantial business, with a staff of about 1,000, a turnover in excess of £20 million a year and capital assets of £40 million; and if it is to serve those in its care as well as possible, it must be run efficiently.

Reporting to the Chief Executive and Board, a Finance Director is sought to lead the finance function and provide strategic input and advice as to the pursuit of the Trust's objectives. The immediate priorities will be to continue the process of bringing the Trust's attitudes and procedures fully into line with best commercial practices, and to provide input into the Business Plan due to be submitted to the Government in Spring 1992.

You should be a qualified accountant, preferably CA, with experience as a finance director. You will need to combine a strong personality with an inherent empathy for both the concept of care and the nature of the Trust's work. Sound commercial, managerial, accounting and especially corporate finance skills are required. Age is not an issue, and neither is sex nor colour: your ability to contribute constructively and get the job done effectively is what counts.

The structure of the package is flexible according to your personal circumstances and priorities; and is further enhanced by a performance related bonus. To pursue this interesting combination of both helping to run a large enterprise plus giving something back to the community, contact Hamish Davidson for an informal discussion or write to him quoting reference H/1179/FT enclosing full CV and remuneration details.

Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB
Telephone: 071-939 6312

City Solicitors

HEAD OF THE FIRM'S TAX

c£50,000 + car

A prestigious City practice, our client is now one of the largest law firms in Europe with offices in a number of the world's major financial centres.

Leading a small department, the applicant, as Head of Tax, will be responsible for all aspects of tax planning and management and associated accounting procedures for the partnership and its overseas operations. He or she will work closely with a Tax Partner and report to the Director of Finance. This sensitive role will also involve direct contact with the partners and a wide range of ad hoc projects.

Applicants should ideally be computer literate experienced accountants with extensive tax knowledge gained in a major firm of accountants, a similar large partnership or in commerce. They must also demonstrate that they have the maturity and communication skills to be readily accepted at the highest level.

A competitive remuneration package is offered and **salary will not be a limiting factor for the right applicant.**

Please write, enclosing a full career/salary history and daytime telephone number, to David Tod BSc FCA quoting reference D/996/F.

Divisional Financial Controller

West Yorkshire **c£35,000 + benefits**

Our client is a £350 million turnover division of a major plc with manufacturing facilities across Europe.

Reporting to the Divisional Chief Executive, you will be responsible for the analysis, consolidation and reporting of financial results against budgets, and for the evaluation of capital projects and new ventures. Additionally, you will provide a support service to all operating units in achieving Group standards and in improving their information systems.

You are a qualified accountant, with substantial management accounting experience in manufacturing industry – preferably within a multi-national environment. It is essential that you can demonstrate previous success in assisting line management to interpret financial data, resolve accounting problems and implement practical solutions. Ability in a second European language and experience of consolidation are both desirable.

Salary is for discussion as indicated, and the attractive benefits package includes a quality car, bonus and first class pension arrangements.

Please write with full details. These will be forwarded to our client. List separately any companies to whom your application should not be sent. Neil McLaughlin, ref: 501/25/3, MSL Advertising, Ebor Court, Westgate, Leeds LS1 4ND.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

c. £40,000 + profit share & benefits **GUINNESS PLC** *Central London*

Head of Group Reporting

Significant financial accounting remit with one of the world's most profitable spirits and brewing companies which has an outstanding portfolio of premium brands marketed internationally. Capitalised at £10 billion, Guinness is one of Britain's ten largest companies. Bright, innovative, commercial and technically astute accountant sought to assume responsibility for groupwide reporting. Will join a young, committed professional team, playing a key role in reviewing divisional performance and providing a specialist service in areas of multinational accounting. Excellent international career prospects.

THE ROLE

- Responsible for the review, analysis and consolidation of divisional strategic plans, budgets and monthly reports. Preparation and production of group statutory accounts. Control of accounting policies and procedures.
- Taking the lead in resolving complex international accounting issues arising from extensive treasury operations, taxation matters and from acquisitions and joint ventures.
- Managing and developing a team of qualified staff. Strengthening relationships with divisional finance and other group specialist departments.

THE QUALIFICATIONS

- Late 20's/early 30's, ACA, with the intellect and technical skills to provide innovative accounting solutions that add value to commercial objectives.
- Currently auditing or working for a progressive, growth orientated, multinational PLC, with demanding exposure to complex acquisitions, disposals and statutory reporting.
- Strong communication, team building and interpersonal skills with a total commitment to quality. Potential for rapid promotion.

London 071-973 0889
Manchester 061-941 3818

Selector Europe
A Spencer Stuart Company

Please reply, enclosing full details to: Selector Europe, Ref F291091L, 16 Connaught Place, London, W2 2ED 071-973 0889

c. £55,000 plus benefits *Bromley Health Authority* *Bromley*

Finance Director

Commercially minded, young Finance Director sought to restructure and lead financial operations of this Authority's £60m acute hospitals unit into the more business orientated and demanding environment of the Health Service in the 1990s. Very large, complex infrastructure with £133m capital development plan for new hospital. New Chief Executive establishing top management team to tackle the challenges and opportunities presented by the Health Service reforms and the achievement of Trust Status probably in 1992. Will suit a bright ambitious finance professional seeking early responsibility.

THE ROLE

- Reporting to the Chief Executive as part of small, focused management team. Responsible for the full spectrum of financial management.
- Leading the restructuring of the department to address reforms effectively and resource appropriately. Spearheading the introduction of commercial disciplines to optimise performance.
- Substantial contribution to future strategy and planning.

THE QUALIFICATIONS

- ACA/ACMA with minimum five years post-qualification experience in industry. MBA or exposure to broad business issues valuable.
- Currently a senior financial manager with an operating subsidiary. Experience of the management of change beneficial. *Systems skills important.*
- An innovator with a talent for influencing people. Both authoritative and sensitive. Must relish autonomy and taking a practical lead.

London 071-973 0889
Manchester 061-941 3818

Selector Europe
A Spencer Stuart Company

Please reply, enclosing full details to: *Selector Europe, Ref F3860911L,* 16 Connaught Place, London, W2 2ED 071-973 0889

Financial Management – Multinational – FMCG
Middlesex

Our client is part of a well known US multinational involved in the manufacture and distribution of branded consumer food products. The UK division, with a turnover in excess of £110 million, has undergone a major reorganisation and now seeks to strengthen its finance function as part of its planned growth strategy. As a result of this there is a requirement for two high calibre individuals to assume key management positions.

Financial Planning Manager
£30-32,000 + FX Car + Benefits

Reporting to the Finance Director, key areas of responsibility will include:

- ★ Assisting the development of strategic and operating plans.
- ★ Preparation and analysis of financial results on a monthly and quarterly basis including control of forecasting and budgeting activity.
- ★ Project Analysis.
- ★ Development and implementation of management information systems.
- ★ Assisting in developing the division's accounting and financial policies.

You will be a *qualified accountant with at least five years'* post qualification experience. Previous Financial Planning experience is essential, ideally obtained within the FMCG/Retail/Food Industry sectors.

Financial Analyst – Marketing
£28-30,000 + FX Car + Benefits

Reporting directly to the Finance Director and involving extensive liaison with the Marketing, Sales and Commercial Directors, key responsibilities will include:

- ★ Provision of financial input into marketing, sales and advertising programmes.
- ★ Preparation of monthly financial projections in areas of pricing, cost analysis and capital expenditure.
- ★ Preparation and presentation of strategic and operating plans.
- ★ Development and implementation of management information systems within Sales and Marketing.
- ★ Control and maintenance of the Sales and Marketing financial information database.

Candidates must be qualified accountants with at least 2 years' post qualification experience in a product-driven environment.

Strong interpersonal and analytical skills, commercial awareness and the ability to balance broad strategic thinking with a fine eye for detail are essential for both roles.

Michael Page Finance
Specialists in financial recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Interested candidates should, in the first instance, forward a comprehensive CV to: **Sajid Baloch MBA** at **Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berks SL4 6BW.**

BANK OF SCOTLAND

AMBITIOUS ACCOUNTANTS
Why not develop your career in Corporate Banking?

Regionally based **Excellent Banking Package**

Our client, a leading British bank, provides a range of distinctive financial services throughout the UK and internationally, aiming to be at the forefront of innovation and technology. Due to recent expansion, opportunities have arisen for high calibre accountants to join their corporate banking teams in each of the following cities: Birmingham, Leeds, Manchester and Southampton.

Reporting to the Regional Manager, specific responsibilities will include assessing complex lending proposals, analysis of industry sectors and management of current business and developing client relationships. Career prospects are extremely good within the organisation, however mobility will be required.

Successful candidates will be Chartered Accountants aged 25-30 years, who are likely to have trained in one of the 'Big 6' firms.

A strong analytical ability combined with effective communication skills and good interpersonal skills are a prerequisite. Experience of corporate advisory services or insolvency work would be a definite advantage. These are exceptional opportunities for those who have the initiative and scope to achieve the high standards demanded and who are keen to further their career in an environment which will recognise and reward ability.

Interested applicants should contact **Ann Semple** on 071 831 2000 or write to her, enclosing a full curriculum vitae and details of current salary package, at: **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.** Please state which location you wish to be considered for and also your travel plans for September 1991 as interviews will be held locally in the week beginning 23rd September.

Michael Page City
International Recruitment Consultants
London Amsterdam Brussels Dusseldorf Paris Sydney

Aer Lingus

Chief Executive - Finance

The Aer Lingus Group operates Ireland's national airline together with substantial diversified and international interests comprising hotel operations, the provision of services to other airlines and various commercial subsidiaries and investments. Group turnover is in excess of £800m. and there are more than 12,000 employees.

Reporting to the Group Chief Executive, the position carries responsibility for the overall Finance function with particular accountabilities in Group financial control and treasury management. In addition, as a member of the top management team, the person appointed will be expected to make a significant contribution to the corporate planning process.

The requirement is a proven record of accomplishment in a senior financial role within a large commercial organisation experience of major international transactions is also essential. The *remuneration package and benefits will* be discussed at interview and will fully reflect the importance of this role in the context of the Group's strategic development. Location: Dublin.

Please write stating how you meet the requirement and enclosing a Curriculum Vitae to D.M. Hand at MSL Group Limited, Newmount House, 22/24 Lower Mount Street, Dublin 2, quoting reference 86003.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

THATCHAM
THE MOTOR INSURANCE
REPAIR RESEARCH CENTRE

Financial Controller

Berkshire **c£30,000+car+benefits**

Thatcham is the engineering based research centre funded by major British insurers to monitor the costs and improve the standards of motor vehicle accident damage repairs in the UK. It has built an international reputation as a centre of excellence recognised by Motor Manufacturers and the Retail Motor Repair Trade. The operating budget is around £2.5m and there is a staff resource of around 60 people.

The prime role of Financial Controller is to provide effective financial and management control systems and to advise on the financial trends of the Centre. this will involve a key contribution towards the overall formulation of the Centres strategic and business plans and collective accountability, as a member of the senior management team, for its business performance.

The person appointed will in addition assume responsibility for Thatchams legal, secretarial, regulatory and personnel policies. Some experience of these functions would be considered useful. A qualified accountant aged 35 or over is to be identified who possesses at least 5 years' financial and management experience, ideally with a motor manufacturing, repair or retail business. A committed team player, you are a skilled communicator with both the written and spoken word and you are also able to demonstrate strong analytical, planning and organisational flair.

Operational exposure to computer systems is vital, as indeed is the determination to impact successfully across the wide-ranging responsibilities of the role.

Interested candidates should write with a full CV to John L Thompson, our Advising Consultant, at: Thompson Associates Ltd (Ref 1474), Compton House, Selsdon Road, South Croydon, Surrey CR2 6PA. Fax 081-680 9773.

THOMPSON ASSOCIATES LIMITED

Laurentian Life
Finance Director

Gloucester **c£45K package**

The Laurentian Group is a leading international financial services organisation with operations in Canada, USA, UK, the Bahamas and Hong Kong. Worldwide the Group manages funds in excess of £8.3 billion of which £1.3 billion is invested on behalf of UK clients. The Group has an explicit commitment to the support and expansion of its subsidiary in the United Kingdom. Laurentian Life Plc is the largest UK Group company.

An important element of the company's business development strategy is the creation of a new organisational structure based upon autonomous business units carrying full responsibility for their own profitability. As a result of this strategic intent a challenging opportunity has arisen for a high calibre Finance Director.

Reporting to the Managing Director with a functional line to the Financial Director, and operating as part of the senior management team, responsibilities will include statutory and group reporting, financial management, treasury and systems development. The individual will be involved in the strategic decision making process of both the business unit and the UK Group.

Successful candidates will be qualified accountants with a demonstrated track record in a senior management position within the life assurance sector. Strong communication skills and high level problem solving abilities are prerequisites. In return the company offers a highly competitive package including generous basic salary, full relocation assistance, executive car, performance related bonus and other large company benefits.

For further information please write in strict confidence enclosing a fully comprehensive CV to Paul Toner or Paul Kinsey ACMA at Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL.

Michael Page Finance
Specialists in financial recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Finance Director
Natural Resources

For a fully quoted Plc with significant interests in Britain and North America. The company is strong financially and has firm plans for further growth.

- **RESPONSIBILITY** is to the Board for the establishment and leadership of the central finance function, control of financial policy, statutory accounting, evaluation, analysis and treasury.
- **THE NEED** is for a qualified accountant from an industrial background. Experience in a public company combined with a hands on approach is highly desirable. Energy and relevant experience are more important than age.
- **REMUNERATION c. £50,000** + benefits. **Location** South Yorkshire.

Write in confidence, enclosing Curriculum Vitae, quoting reference 7415/FT to:-

TK
SELECTION

8 Hallam Street, London W1N 6DJ. Tel: 071 580 6113. Fax: 071 631 5317

A DIVISION OF TYZACK & PARTNERS

Silcock Express

c £65,000 + BONUS + CAR

Group Finance Director

The Silcock Express Group is a dominant market leader in the vehicle distribution industry and has created a strong presence both in the UK and on the continent through its European subsidiaries. The Group has *grown significantly in recent years to reach a current* turnover of some £100 million and has firm plans to expand its activities further within Europe.

The Group requires a strong executive Group Finance Director with first rate leadership abilities to ensure proper financial disciplines are followed throughout the Group. As a board member you will be required to actively contribute to the commercial management and strategic development of its business activities *which are likely to include further acquisitions and its* flotation. A key responsibility will be ensuring that Group operating officers are well served with sound management information and financial analysis to successfully manage and develop the business.

You must be a graduate Chartered Accountant with several years' senior financial management experience in both operating company and group roles gained within organisations of excellent *commercial standing. You must have experience of* controlling overseas subsidiaries and be particularly strong on systems development and controls within the international arena for which a second European language would be highly desirable.

Please send full personal and career details, including current remuneration level and daytime telephone number in confidence, which will be forwarded to our client, to Christopher Haworth, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference CH863 on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

THE WTH PORTFOLIO

Financial Controller/Director Designate

South West/M4 Corridor **£40-50,000 + Car**

Our rapidly increasing profile in successfully completing senior financial recruitment assignments in the South West continues to generate considerable expansion of our activities.

As a result, we are currently and regularly undertaking a number of unadvertised assignments throughout Avon, Wiltshire and Gloucestershire for senior financial management at Controller or Director level, in the salary range £40-£50,000.

The companies concerned include major plc's and US companies with major subsidiaries or headquarter's in the area; in manufacturing (engineering/electronics), service industries, financial services, and privatised or quasi government bodies. We are equally involved with smaller, independent entrepreneurial companies seeking to strengthen their management teams.

To be successful you will be a qualified accountant (ACA, ACMA, ACCA) probably a graduate, aged 30-40 with substantial experience at both "grass roots" and managerial level in the industries indicated above. Your experience may have been with "blue chip" companies or smaller independent operations as is appropriate. Confidence, strength of character, demonstrable career achievement and the ability to both create and respond to change are likely to be key characteristics of the successful candidate.

If you are interested in being considered for such opportunities I would be delighted to hear from you. Please address your resumé to Wayne Thomas, WTH Portfolio, Wheale Thomas Hodgins PLC, 9 Unity Street, College Green, Bristol BS1 5HH.

WHEALE·THOMAS·HODGINS·PLC

SYSTEMS DEVELOPMENT ACCOUNTANT

CITY | AGE 28-36 | EXCELLENT PACKAGE TO £40,000

This institution is a major British based International banking group, operating in more than 60 countries. As a result of a recent strategic initiative to improve management information throughout the group, an excellent opportunity has arisen within the UK Banking division.

Reporting to the Chief Financial Officer of the business unit, responsibilities include:

- Planning and controlling MIS development
- Systems analysis and design
- Liaison with other areas of the Group to ensure cost effective transfer of best practice
- Staff management and training.

The successful applicant will be a qualified accountant with a proven track record within the financial services sector. Experience of implementing major systems projects, coupled with sound technical accounting knowledge is essential. This challenging position demands a strong communicator with good man management ability, who wishes to develop a long term career within the group.

Benefits package will include a mortgage subsidy, executive car, subsidised loans, health and life cover and a non contributory pension scheme.

Interested candidates should contact George Corbett on 071-379 3333 (fax 071-915 8714), or write enclosing a detailed CV, to Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS ANTWERP AMSTERDAM

Financial Controller / Director Designate

£50,000 package

Our client, a small listed company in the property sector, requires a Financial Controller/Director Designate. Responsibilities include control of the accounting function, together with the production of published information, tax and corporate planning and budgeting, and dealing with personnel, computing and general administrative matters. Other areas to be covered include the appraisal of investment opportunities, advising on appropriate structures and negotiating with banks and joint venture partners. Of special importance is the creation and maintenance of sources of banking and equity finance, and liaising with the company's professional advisers.

This is a challenging role in a successful and well respected company based in Central London. It would suit a self-motivated individual used to working on his or her own initiative, in their mid thirties. The requirement is for sound technical expertise coupled with a strong commercial approach.

The package includes a fully expensed car, medical insurance and participation in share option and bonus schemes.

Please forward your curriculum vitae to
Mary Martin, Partner

NEVILLE RUSSELL
Chartered Accountants

NEXIA INTERNATIONAL

Britannia House 50 Great Charles Street Queensway
Birmingham B3 2LY
Telephone 021-236 7711 Fax 021-236 2778

Price Waterhouse

EXECUTIVE SELECTION

Head of Finance

c.£60k plus car, bonus & mortgage subsidy   Salisbury

The nineties will see much change and rationalisation in the financial services industry — particularly in the insurance sector. In response Friends Provident, with around £8 billion of assets under management worldwide, has already adopted vigorous strategies to maintain profitability, increase market share and expand its international presence.

The Group is currently looking for a visionary Head of Finance for whom the prospect of being an integral part of this process of change is as fulfilling as it is exciting.

Responsible for a team of around 35, the demands of the role should not be underestimated. Friends Provident is a complex international business marketing a very wide range of financial services products. The resulting group structure, tax and accounting issues which arise are challenging to say the least. As the Group positions itself to seize the opportunities presented over the next few years, the skills of 'change management' which you will be called upon to exercise will be extensive.

Qualified, aged 35-50, you will have a background of managing large teams and the financial affairs of a complex business, ideally though not necessarily financial services. Of critical interest will be your experience in reacting flexibly and innovatively to change, of providing comprehensive and meaningful management information to assist commercial decision-making, and your track record as an influencer. You will be capable of earning respect and credibility in a role as a key advisor at the heart of a business.

For the finance professional who can rise successfully to the challenges, the opportunities within the Group are considerable! To discuss this further, please call Hamish Davidson on 071-939 6312. Alternatively, write in confidence with full CV, quoting reference H/1195 and current salary to:

Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB
Fax: 071-638 1358

Price Waterhouse

EXECUTIVE SELECTION

Chief Accountant

c.£30,000 + car + benefits   South London

Established as the UK market leader in its field, this company is highly profitable and has ambitious plans for future growth. Already operating a nationwide service, expansion is planned overseas and, in order to help achieve this, a Chief Accountant is required to strengthen the financial team.

Reporting to the Finance Director, you will take responsibility for the financial control of the company, including financial/management accounts, budgeting, cash management and financial statistics.

A qualified accountant, ideally ACA, you will have a minimum of 5 years' post qualification experience, preferably gained within a commercial environment. You must be fully computer literate with strong accounting and systems skills. You will also be highly self-motivated and have excellent management and communication skills. This is very much a "hands on" role in which you will participate in running the business and anticipating its future needs.

This is an exciting opportunity for an individual to progress his/her career. If you are interested, please write, enclosing full CV and salary details and quoting reference number F/1193 to Heather Thomas at:

Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB

Largotim
OPEN SYSTEMS FOR INDUSTRY

Group Finance Director

West Midlands c£35,000 + Bonus + Share Options + Executive Car

Largotim Holdings Limited have established themselves as major niche players in computer *solutions for industry. Central to their success has been* a focus on effective teamwork, an enviable reputation for service and client satisfaction and a programme of sustained growth and profitability

In line with their ongoing development and the goal of PLC status, the Chairman wishes to appoint a Group Finance Director following the promotion of the previous incumbent.

As Group Financial Director, you will take full responsibility for the co-ordination, planning and direction of the financial management of the Group. This will involve the supervision of Group financial and management accounting and operation of financial systems, as well as an active contribution to strategic planning

Applications are invited from candidates with a proven track record in a similar role and from an equally fast-moving and commercially-orientated environment.

Experience of frontline accountability and of dealing with professional advisors, including The City, will be sought. *Furthermore, experience of treasury management and* company secretarial duties is preferred.

The successful candidate will be a Chartered Accountant who can meet these demands and who is, by nature, a dynamic and energetic individual and a team player. A high degree of commercial acumen is necessary along with a recognition of the "hands-on" nature of this role. A highly competitive salary and benefits package is offered and there exists strong prospects for personal development and progression.

To apply, please write to Steven French, quoting reference B/358/91, with full career and salary details.

KPMG Executive Selection

KPMG Peat Marwick, Peat House,
2 Cornwall Street, Birmingham B3 2DL.

Management Accountants for Consultancy

London based   to £50K + Car

KPMG Management Consulting has opportunities for several management accountants to join its Financial Management Group to work in a range of industries on cost management, management information and analytical studies. The Group is a leader in these areas and has a consistent growth record and a substantial workload.

We are looking for graduate accountants with between four and seven years post qualification experience in industry who are currently holding Finance Director, Chief Accountant or Financial Controller posts, probably in self accounting divisions of blue-chip companies. We would be particularly interested in people from high technology sectors including pharmaceuticals, aerospace and electronics.

We need people with sound technical skills and man-management experience, gained in major companies with a reputation for effective management accounting and reporting. Of equal importance are highly developed inter-personal skills, enthusiasm and a sense of humour.

We enjoy being members of a very strong and successful group. If you would like to join us please write with your CV which should include academic achievement, professional qualifications and salary history to John Gerard, Recruitment Manager, KPMG Management Consulting, 8 Salisbury Square, London EC4Y 8BB. Please quote reference FMJ91FT.

KPMG Management Consulting

Chief Financial Officer

Oxford **Salary Negotiable**

Founded in 1989, our company is a supplier of software research tools both to the international pharmaceutical and chemical industry and to academia.

Following rapid organic growth, we have now reached the stage where a CFO is required to provide finance and administrative support for the commercial decision making process of the business.

Reporting to the Managing Director, the CFO will be required to establish a comprehensive computer based management information system. In addition, he or she will have the opportunity to play a significant role in the future development of the company and its continued expansion plans for Europe, N. America and the Far East.

The ideal candidates will be computer literate qualified accountants, preferably science graduates, aged 25 to 30 and with at least two years PQE. An attractive remuneration package for the right candidate will include equity options and a profit-related bonus.

This is a fast moving environment which will suit an energetic self-starter looking for an opportunity to become involved in the development of an exciting and forward thinking business.

Interested candidates should write in the first instance, enclosing a full CV, to Box A1638 Financial Times, One Southwark Bridge, London SE1 9HL

OXFORD MOLECULAR

GROUP FINANCIAL CONTROLLER

City **to £50,000 + executive package**

This independent, City-based, international finance and investment plc continues to enjoy an enviable record of growth and profitability. With interests including general financing, aerospace, equities and foreign exchange, as well as tax-driven asset finance structures, they are among the market leaders in their field.

In order to maintain this outstanding rate of growth, the company now seeks to recruit a top flight Financial Controller who can make a meaningful contribution to and complement its senior management team.

Reporting directly to the Managing Director, the Controller will run the entire group finance function and manage a small team. The role will encompass all aspects of financial planning and analysis, timely preparation of management accounts and supervising the administration of the group's extensive and varied portfolio.

A qualified accountant aged 28-35, you will have a minimum five years' commercial experience, probably gained within a financial services environment. A "hands-on" management style, coupled with good interpersonal and motivational skills are prerequisites to be successful in this challenging and highly competitive environment.

The attractive base salary is supported by a comprehensive benefits package.

Progression within this entrepreneurial company will be limited only by individual ability.

*Interested applicants should telephone **Jonathan Cohen**, on 081-954 8166 or fax 081-954 1755, or write to him enclosing a detailed CV at the address below.*

4 Whitchurch Parade, Whitchurch Lane, Edgware, Middlesex HA8 6LR.

JP SEARCH AND SELECTION RECRUITMENT CONSULTANTS

Tel: 081-954 8166
Fax: 081-954 1755

The Financial Times proposes to publish the **Chartered Accountants Final Examination Results** on Thursday 26th September, 1991.

For further information and advertising rates please call Richard Jones on 071-873 3460

CHIEF ACCOUNTANT

CITY — AGE 27-32 — c£32,000 + BENEFITS

As a result of an internal promotion, an opportunity has arisen within the commercial banking arm of this British based International bank, operating out of 700 offices worldwide.

Reporting to the Chief Financial Officer of the UK Banking business unit, the chief accountant will be responsible for:

- Planning, organising and reviewing the production of management information
- Preparation of commentary on financial performance and variance analysis
- Systems analysis and design
- Training and management of a team of 10 staff

Having already been in a line accounting position for a minimum of two years, the successful candidate will be a qualified accountant who can demonstrate excellent interpersonal and man management skills. A self-motivator who wishes to develop a career within this progressive and dynamic group would be ideal.

Remuneration will include an executive car, mortgage subsidy, preferential loan scheme, health and life cover and a non-contributory pension.

Interested candidates should contact George Corbett on 071-379 3333 (fax 071-915 8714), or write enclosing a detailed CV, to **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.**

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ROYAL BROMPTON NATIONAL HEART & LUNG HOSPITALS

Director of Finance

Circa £40K plus performance bonus and other benefits.

The Royal Brompton National Heart and Lung Hospitals Special Health Authority has a challenging mandate to provide leadership in research, education and clinical service. We now need an exceptional financial executive who will provide leadership in financial management and planning.

As an executive member of our Board of Governors and a key player in our Senior Management Team, you'll be challenged to contribute your vision and knowledge as we proceed to develop our programmes and resources.

You should have senior management experience, either in the NHS itself or in a similar organisation, a track record of sustained achievement and first class communication skills.

The reward package will include an excellent salary plus performance bonus, relocation package and pension scheme.

Informal enquiries to: ***Bill Bain, Chief Executive, Telephone: 071-351 8653***
Information package from: ***Personnel Department Telephone: 071-351 8680***
Applications in writing, enclosing curriculum vitae, to: Chief Executive, Royal Brompton National Heart & Lung Hospitals, Sydney Street, London SW3 6NP. Applications to be received not later than 30th September 1991.

EUROPEAN FINANCE DIRECTOR

Financial Services Expansion

London — c.£55,000 + Car

A major British financial services company, part of a large international group, is embarking on an aggressive European expansion programme, largely through acquisition.

We are seeking a Finance Director, with demonstrable European experience, to establish and manage a financial function, capable of providing the necessary financial control, reporting procedures and support for a network of European operations. The European Finance Director will also have finance responsibility for existing operations in various European countries as well as work closely in support of the acquisition team.

The successful candidate will be a qualified accountant, probably aged 32-45 years, and have previously built an effective finance function, ideally in a service sector company. The working language of the company is English although it is not necessary for candidates to be UK nationals. Experience of working in a European country outside the UK is essential as is a good working knowledge of French and/or German.

Remuneration is negotiable for a candidate with the appropriate experience and interpersonal skills and is supported by a generous range of large company benefits.

Please reply in confidence, giving concise career, personal and salary details to Peter Sandham, quoting Ref L599.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD

EGOR EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

European Tax Manager

£55,000 + Usual Banking Benefits

A major multinational financial institution is seeking an individual to assume overall responsibility for the European tax function. Working with a small team, the successful candidate will work closely with other members of the Corporation's financial departments to co-ordinate tax compliance, tax planning and management of the European legal entities. In addition, there will be liaison with the business managers to assist with, and advise on new product development. Regular contact is necessary with the US tax department, in order to integrate European and US tax planning.

Key requirements of this high profile position include a thorough knowledge of European tax systems and a solid understanding of US tax laws and treaties. Candidates capable of assuming such a role will require a minimum of seven years' international corporate tax experience within an established environment. The individual must possess strong leadership capabilities, excellent interpersonal skills, management experience, self-motivation, be a good negotiator and have the presence to command respect from members of the worldwide organisation.

Interested candidates should send a detailed C.V. quoting Ref. 401 to Jane Hayes at BBM Associates Ltd., who will forward it directly to our client. Please list, in a covering letter, any organisations to whom you would not want your C.V. sent. All applications treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ — BBM ASSOCIATES — Tel: 071-248 3653 Fax: 071-248 2814

CONSULTANTS IN RECRUITMENT

Finance Manager

c£30,000 + Car — West Midlands

Our client is the UK operation of a major international organisation, a world leader in its field. Significant changes in the company's UK sales and distribution strategy will result in the formation of a new operational structure.

Reporting to the Managing Director, you will be a key member of the senior management team in a business with a current turnover of £20 million but projecting significant growth.

The primary task will be to provide the professional lead in all financial management decisions through the analysis and interpretation of monthly financial and management accounts. Overall, however, you will be responsible for financing, accounting, statutory and corporate reporting, order administration and credit management. An early objective will be the introduction of systems and procedures and a MIS facility to serve a multi-site operation.

Probably aged 30-35, you must be professionally qualified and likely to be a graduate. Your broad based financial and management accounting experience, which should include strength in credit management, should have been gained in an international company preferably involving the distribution of capital equipment.

An accomplished manager, you will be adept at leading and motivating effective teams and your presentation and communication skills will enable you to deal at all levels within the organisation and with customers.

Numerate and computer literate you will need a great deal of self motivation and energy plus a willingness to play a wider role in the overall management of the business.

Success will be well rewarded through an excellent remuneration package and the opportunity of promotion to Director status. The benefits will include relocation assistance to the West Midlands where necessary.

Please write enclosing full CV to Barrie Witt, at Austin Knight Consulting Ltd, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP quoting Ref: LS 841.

Austin Knight

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For advertising information call:

Elizabeth Arthur 071-873 3694

Stephanie Spratt 071-873 4027

UNIVERSITY OF CAMBRIDGE

HEAD OF INTERNAL AUDIT

This is a new appointment within the Financial Board Office to lead and strengthen the Internal Audit Unit, whose main role is to examine compliance with accounting procedures.

The successful candidate is likely to be a graduate accountant, preferably chartered, with at least two years' post-qualification audit experience gained in practice or with a major organisation. The ability to relate to the objectives of a non-profit making organisation, initiative and good communication skills are essential attributes.

The post holder will report to the University Treasurer, and will be given considerable freedom to develop the effectiveness of the audit function.

Further particulars can be obtained from the Treasurer (tel. 0223-332209) at the address below. Applications, including a C.V. and the names of two referees, should be sent to the Registrary, The Old Schools, Cambridge CB2 1TN. Closing date 20 September.

The appointment will be for a fixed term of 3 years with the possibility of renewal for a further 2 years. Initial salary will not be less than £26K.

The University follows an equal opportunities policy.

Financial Controller

Specialist mail order business

North West **to £30,000 + car + benefits**

This dynamic and well-managed £120m t/o division of a prominent Plc continues to pursue a strategy of innovative and aggressive exploitation of its specialist marketplace. Recent substantial investment in customer service facilities has helped to improve performance in a competitive industry. This new role will be a key factor in translating these achievements into solid bottom-line earnings.

The Role

- Introduce enhanced standards of performance within the financial accounting functions.
- Focus technical expertise and commercial judgement on bad debt and stock provisions, VAT liability and other areas of potential exposure.
- Closely monitor cost levels and ROCE.
- Report to Finance Director; supervise large team via group of managers.

The Requirement

- Qualified graduate accountant. Early to mid 30's.
- Experience of fast-moving commercial operations, preferably within the retail/mail order sector.
- Strong background in financial accounting and reporting, ideally within large computerised environment.
- Good organiser; feet on ground; eye for detail.

Please reply in writing enclosing full cv, quoting Ref: M626.

ASB SELECTION

Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618. Fax: 061-832 9123.
MANCHESTER · LIVERPOOL · LEEDS

Group Accountant

Harrogate **c. £27,000 + car + benefits**

Appleyard

Appleyard Group PLC is a major national motor retail chain in the UK (turnover c. £400m). Operating through several autonomous divisions, it is exceptionally well placed to take advantage of an upturn in the economy both organically and by strategic acquisition. Due to an internal promotion, a graduate Chartered Accountant is now needed to further develop the role of Group Accountant, based at the Head Office in Harrogate.

The Role

- Consolidate and review monthly divisional accounts, quarterly forecasts and annual budgets.
- Heavy involvement in statutory accounts; treasury management.
- On-going development of MIS, particularly spreadsheet reporting.
- Acquisition and investment appraisals; regular financial analysis exercises.
- Constant liaison with divisions and exposure to Board members; part of small Head Office team.

The Requirement

- Preferably a graduate Chartered Accountant with up to 3 years PQE. Age 25-28.
- Excellent communication and presentation skills; ability to liaise at all levels.
- Technically first-rate and computer literate; able to react effectively under pressure; well-organised.
- Self-motivated, confident and ambitious; commercially aware.

Please reply in writing, enclosing full cv, quoting Ref: M627.

ASB SELECTION

Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618. Fax: 061-832 9123.
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Working for you — CENTRAL SERVICES —

HEAD OF DIRECTORATE RESOURCES

£21,936 – £26,022 p.a. (Pay award pending)

HAVE YOU GOT WHAT IT TAKES?

This new post, which reports to the Director, has been created to develop and implement systems which will enable the Directorate to support and service effectively its corporate and Directorate requirements, and to contribute to the development of a culture which is pro-active and responsive to changing needs and priorities.

Key areas of responsibility include:

- Advice on and implementation of management systems including Financial, IS/IT and Personnel. Initially, the key focus will be on managing accounting systems.
- Management and development of the Resources Group.
- To ensure an effective response to Compulsory Competitive Tendering and the management of organisational change.

The Directorate employs over 200 people, who provide a wide range of services for Councillors, members of the public and other Directorates, including Legal, Information and Communication, Valuation and Democratic Services.

If you have an ability to develop innovative yet practical solutions to the many changes facing Local Government, and have operated at a senior management level within a large organisation, then we would like to hear from you, particularly if you are a Management Accountant with a broader vision.

Benefits include leased car, substantial relocation package and attractive pension arrangements.

For an application form and information pack contact the Directorate of Personnel and Management Services, Southampton City Council, Civic Centre, Southampton. SO9 4ZF. Telephone: (0703) 832575.

Closing Date: 20th September 1991.

Interviews will be held: 10th/11th October 1991.

SOUTHAMPTON CITY
AN EQUAL OPPORTUNITIES EMPLOYER

For an informal discussion regarding the position, telephone Mr. Jim Rooke, Acting Director of Central Services on (0703) 832638.

THIS JOB IS OPEN TO JOB SHARE **Ref. No. JE15**

WE STRONGLY ENCOURAGE APPLICATIONS FROM BLACK AND ETHNIC MINORITY PEOPLE, WOMEN AND DISABLED PEOPLE TO ALL POSTS AND REQUIRE ALL OUR EMPLOYEES TO BE COMMITTED TO EQUAL OPPORTUNITIES

ALL APPLICATIONS ARE JUDGED SOLELY ON THEIR MERITS

CREATIVE INVESTIGATIVE ACCOUNTANT

South London
To £35,000 + car

Our client, one of the country's leading construction and civil engineering groups is long established and has an enviable record of continued success.

With a widely spread network of operating companies it is essential that the group has a strong internal audit team.

Reporting to the Head of Group Audit you will be an important member of a small team undertaking a wide range of review and investigation assignments both in the UK and overseas.

You will review and monitor the effectiveness of financial and operating systems and controls, investigate and validate financial reporting, ensure group accounting and financial policies are adhered to, and carry out ad-hoc assignments.

In your late 20's or early 30's and a qualified accountant you will probably have passed the Audit Senior Stage and be looking for your first major move into the commercial sector. This is a challenging role and you must have well honed analytical and communication skills. Opportunities for further career progression within such a large international company are exceptional.

The remuneration package, which includes a bonus element, is negotiable up to £35,000 and benefits include a company car, private health insurance, pension and life assurance schemes and relocation assistance, where appropriate.

Please send full CV, which will be forwarded to our client, quoting ref: **G/2079/FT** to Steve Higgins, **PA Consulting Group**, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR.

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SOUTH EAST **c £50,000 + BONUS + CAR**

European Finance Director

This is an exciting opportunity to head up the European finance function of a highly successful US Corporation. In Europe, the Group is primarily involved in the manufacture and distribution of consumer products and is entering an important stage in its development.

Reporting to the European Managing Director, you will play a key role in the strategic and operational development of this dynamic business including the formulation of plans for further growth and improvement in overall market share. Initial emphasis will be on the advancement of sound MIS, treasury, financial reporting systems and controls.

A graduate qualified accountant, probably in the age range 30-45, you will have already proved your management, strategic and systems abilities in a significant multi-national business and have had experience of US reporting requirements. You will possess strong communication skills, well developed commercial acumen and have a 'hands on' approach to financial management.

Please send full personal and career details including current remuneration level and daytime telephone number, in strict confidence to Angela McDermottroe, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference 242AM.

Coopers & Lybrand Deloitte Executive Resourcing

FINANCE DIRECTOR

c. £50,000 plus bonus

A superb opportunity in South Yorkshire

Our client is a well-established Division of a leading UK based international industrial group. The Division is a manufacturing and marketing operation with an impressive growth record, both in the UK and abroad. Sales are c. £160 million.

Reporting to the Managing Director, the Finance Director will join a team of top level professionals. The requirement is for an experienced manager who will personally take control of the function and contribute to the profitable growth of the business by

- *providing strong financial direction to the division*
- *developing further the existing information systems*
- *assisting in planning and implementing the divisional strategy through the 1990s.*

Applicants must be fully qualified accountants and be able to provide clear evidence of first class performance in the management of finance functions in manufacturing industry. Effective communication skills, both verbal and written, are of prime importance.

In addition to the basic salary there is a performance-related bonus. Usual major company benefits are included; car, BUPA, insurance, etc, and, where appropriate, relocation assistance to this attractive environment.

Please write enclosing CV for the personal attention of N Deaville (Ref 997)
County Business Consultants,
61 Lower Hillgate, Stockport, Cheshire SK1 3AW.

FINANCE DIRECTOR

Midlands **to £40,000, car**

The principal subsidiary of a highly successful plc, the client is a forward thinking and ambitious manufacturer and distributor of consumer products. This is a Board appointment with full stand-alone responsibility for all aspects of financial management and reporting to the Group. A key task will be to develop practical costing systems for this fast moving multi-product operation. The Group is acquisitive and offers substantial career opportunities. Aged 30 to 40 and probably a chartered accountant, candidates should be experienced to at least Financial Controller level and have seen, first hand, most aspects of management in a sales oriented manufacturing company. First class technical and computer skills are essential. The salary is supported by a quality car and an attractive benefits package. **Please forward in absolute confidence a full curriculum vitae to Adderley Featherstone plc, 6 Lisbon Square, Leeds LS1 4LY. Tel: 0532 444074. Fax: 0532 451578.**

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THREE PARTNER CHARTERED ACCOUNTANCY PRACTICE

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to Box A410,
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Do you know how to? We do! We also know that most senior positions are not advertised. Our expertise can help you find them and solve your job search problem.

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Connaught · Mainland

PCHA is one of the largest and most progressive Housing Associations in the country managing over 9,000 homes in the North West London area. We have a development programme in excess of £40m and are continuing to expand and diversify into new areas of operation.

Chief Accountant

£25,246-£31,694
+ Excellent pension conditions, 32 days holiday and other benefits.

Responding to the Finance Director, the person appointed will oversee the effective management of the Financial Accounting function of the Association. Budgetary Control, Management Accounting and Treasury Management skills together with the ability to motivate and lead a team of 7 staff are the key pre-requisites for this important role.

The successful applicant will be a qualified accountant, highly computer literate with a hands on management style. He/she will have had rapid success in a fast track environment and will demonstrate both exceptional technical skills and the ability to be innovative and proactive. Excellent communication skills both oral and written are also essential.

For further information and application form, please contact Pauline Nembhard, PCHA, Canterbury House, Canterbury Road, London NW6 5SU. Tel: 071-372 5671. If you would like to discuss this post, please telephone Anu Vedi on the above number for an informal chat.
Closing date: 27th September 1991.
Interview date: 14th October 1991.

The Association is developing its equal opportunities policy and welcomes applications from all sections of the community. People with disabilities are encouraged to apply for all our posts.

PC HA

OVERSEAS MANAGER

Listed company has a challenging position for a dynamic senior Chartered Accountant, with at least 10 years experience in commerce, to take responsibility for the accounting and financial functions of their overseas marketing operations.

He will be based in Monaco, and a working knowledge of French would be desirable.

The position offers excellent career and salary prospects for the successful candidate.

Contact: Mr Alwyn A. Smith, 14 Av De Grande Bretagne, MC 98000 Monaco. Fax: (33) 93 25 32 79

CAREER CHOICE 1991

Whether you need one graduate or a hundred you will be after the best prospects, and your best prospect for reaching them is by advertising in the Financial Times Career Choice Guide. The chances of you attracting the best candidates this year are not better simply because there will be more graduates chasing less jobs.

The fact is, the best prepared prospects will still choose the jobs and companies they want, rather than the other way round.

"Career Choice" - the F.T.'s guide for final year undergrads, is an important part of the preparation. Over 100,000 copies of the guide (one for every finalyear student) will be distributed on Campus in October. It is also in the F.T. on October 17th so that parents can also ensure it reaches the right audience.

For synopsis and rate card call Richard Jones on 071-873 3460 or fax 071-873 3065